

MEMORANDUM

To: CalPERS
From: Roz Hewsenian, Wilshire Associates
Al Kim, CFA, Wilshire Associates
Subject: Remonstration Summary for 2006
Date: March 3, 2006

Per the Permissible Equity Policy, countries were given 30 days to review the 2006 Exposure Draft of the Permissible Equity Markets Investment Analysis and file a remonstration. For the 2006 analysis, two countries (the Philippines and South Africa) filed a remonstration by the 7am (Pacific Standard time) March 2nd deadline this year. A third country (Taiwan) also submitted a remonstration though it did not meet the deadline.

The Philippines, South Africa, and Taiwan all scored above the 2.0 threshold in the 2006 Exposure Draft so there will not be any changes to the Permissible Country List as a result of the remonstrations. A summary of the remonstrations is shown on the next page.

In addition, a representative of the Stock Exchange of Thailand requested Wilshire's assistance in following up with one of the third party sources responsible for evaluating the country's Stock Market Openness (Factor 6). As such, Wilshire is working with the third party to assist in the process. While Thailand did not file a remonstration, the country also scored above the 2.0 threshold in the 2006 Exposure Draft and should not affect the Permissible Country List.

Conclusion

Wilshire will continue to follow up with the necessary third parties regarding the Philippines, South Africa, Taiwan, and Thailand. However, the Permissible Country List will not be affected as all three of these countries scored above the 2.0 threshold in the 2006 Exposure Draft.

Summary of Remonstrations

Below is a brief summary of the remonstrations. All of the e-mails and attachments from these countries are included in the appendix of this memo.

- 1) the Philippines – Wilshire received two e-mails from the Philippines this year. The first e-mail was from Evelyn R. Santos (Officer in Charge) and included an attachment that provided comments on sub-factors 6B (Foreign Investment) and 6C (Banking/Finance), which are both parts of the overall macro-factor 6 (Capital Market Openness). Both sub-factors are evaluated by the Heritage Foundation. The second e-mail from the Philippines was from NEspenilla@bsp.gov.ph and was a blank e-mail with a subject line that read “Notice of Remonstrations”. Given the fact that the second e-mail had no content, Wilshire is assuming that the second e-mail is tied to the first. In response to these e-mails, Wilshire forwarded the comments to the Heritage Foundation for review.
- 2) South Africa – Wilshire received an e-mail from Scott Wilson (Strategist, JSE Limited) that included an attachment with comments on sub-factors 2C (Stock Exchange Listing Requirements) and 7A (Settlement Proficiency). The source for both of these sub-factors was South Africa’s stock exchange itself (specifically, Geoff Rothschild, Director: Marketing of JSE Limited). No new information was submitted by Scott Wilson in this instance. However, Wilshire provided an explanation of how it got to the scores for these sub-factors. Wilshire’s response addresses South Africa’s comments regarding these two sub-factors and is appended to this memo for more details. Scott Wilson’s comments also listed several factors (Factor 1 and Sub-factors 5A, 5B, 5C, 6A, 6B, 6C) that South Africa would like to better understand. For these factors, Wilshire directed Scott Wilson to the necessary third parties and also provided their contact information. Wilshire also forwarded the comments to the third parties so they could get in touch with South Africa to explain their scores and methodologies.
- 3) Taiwan – Wilshire received an e-mail from Alex Huang (Taiwan Financial Supervisory Commission) that included three attachments with comments on sub-factors 2D (Accounting Standards), 4C (Average Monthly Trading Value), 5A (Adequacy of Financial Regulation), 5B (Creditors’ Rights), 5C (Shareholders’ Rights), 6B (Foreign Investment), and 6C (Banking/Finance). The sources for these sub-factors are eStandardsForum, Standard & Poor’s, Oxford Analytica, and the Heritage Foundation. In response to these e-mails, Wilshire forwarded the comments to the third parties for review.

Attachments

Attached to this memo are the e-mails from each of the three countries listed above. Along with each of the four e-mails listed below, Wilshire also included our e-mail responses to them.

- 1) First e-mail from the Philippines with an attachment
- 2) Second e-mail from the Philippines (no content)

- 3) E-mail from South Africa along with attachments
- 4) E-mail from Thailand
- 5) E-mail from Taiwan along with attachments

Attachment 1: First E-mail from the Philippines

From: esantos@bsp.gov.ph [mailto:esantos@bsp.gov.ph]
Sent: Wednesday, March 01, 2006 12:11 AM
To: permissiblemarkets@wilshire.com
Cc: beryljaneang@yahoo.com
Subject: Comments on Wilshire's exposure draft

DEPARTMENT OF ECONOMIC RESEARCH

_____ March 2006

Ms. Rosalind M. Hewsenian
Managing Director
Wilshire Associates Incorporated

Dear Ms. Hewsenian:

Kindly find attached comments on the Wilshire's 2006 Exposure Draft.

Yours sincerely,

EVELYN R. SANTOS

Officer-In-Charge

**Comments on Wilshire's 2006 Exposure Draft on Permissible Equity Markets
Investment Analysis**

On sub-factor 6B (Foreign Investment). The Philippines was given a Foreign Investment score of 4.0, which is at the lower end of the score 1.0 (policies most conducive to economic freedom) to 5.0 (policies least conducive to economic freedom) and accordingly, a Wilshire score of 1.5, where a score of 1.0 represents the least established, least able to support institutional investment. The Foreign Investment sub-factor which is lodged under Factor 6 (Capital Market Openness) 'examines governmental barriers to the free flow of capital from foreign sources through the imposition of restrictions on foreign ownership of local assets, repatriation restrictions and unequal treatment of foreigners and locals under the law'.

- Please note that R.A. No. 7042, known as the Foreign Investment Act, which was signed into law in 1991, recognizes the role played by foreign investments in the economy, and sets into place the procedures for the registration and grant of incentives to foreign investors. While the law specifies limits on the extent of allowable foreign ownership, there are no restrictions on foreign ownership in export and domestic market enterprises.
- In addition, foreign investments need not be registered with the BSP. The registration of a foreign investment with the BSP is only required if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon shall be sourced from the banking system.
- Moreover, fiscal incentives to foreign investors are granted under various laws on foreign investments in the Philippines including: (1) Executive Order No. 226 or The Omnibus Investments Code of 1987; (2) R.A. No. 7227 or The Bases Conversion and Development Act of 1992; (3) R.A. No. 7916 or The Special Economic Zone Act of 1995; and (4) R.A. No. 7844 or The Export Development Act of 1994. These fiscal incentives include, in general: (1) income tax holidays; (2) tax credits on domestic capital equipment (3) tax and duty-free importation of capital equipment; and (4) simplification of customs procedures for the importation of equipment and other materials and supplies. In this regard, we would like to suggest that the Philippines' Foreign Investment score be upgraded.
- Kindly note that the Philippine regulatory regime on the entry of foreign banks in the country was liberalized following the passage into law of R.A. No. 7721 otherwise known as "An Act Liberalizing the Entry and Scope of Operations of Foreign banks in the Philippines" and further liberalized with

the passage of R.A. No. 8791 or the GBL of 2000. R.A. No. 7721 aims to create a more competitive environment and encourage greater foreign participation in the domestic banking system. These unilateral liberalization measures in banking put in place by the authorities in the past years have also allowed the Philippines to participate in the various rounds of negotiations on trade in financial services sector in the World Trade Organization (WTO), under the General Agreement on Trade in Services (GATS), and the Association of South East Asian Nations (ASEAN), under the ASEAN Framework Agreement on Services (AFAS). Undertaking liberalization commitments under the GATS and AFAS provides foreign investors additional security on the Philippines' policy stability and policy thrusts, thereby encouraging investment flows while reducing the cost of attracting foreign capital by offering various kinds of fiscal incentives. For these reasons, we suggest that the Philippines' Banking and Finance score (Factor 6c) be upgraded.

Attachment 1 (continued): Wilshire's response to the e-mail from the Philippines

From: Permissiblemarkets [mailto:permissiblemarkets@wilshire.com]
Sent: Thursday, March 02, 2006 1:50 PM
To: esantos@bsp.gov.ph
Cc: beryljaneang@yahoo.com; anthony.kim@heritage.org
Subject: RE: Comments on Wilshire's exposure draft

Dear Ms. Evelyn R. Santos,

Thank you very much for your e-mail and comments regarding sub-factors 6B and 6C.

As noted in the Exposure Draft of the 2006 Permissible Equity Markets Investment Analysis, the Heritage Foundation is the third party source responsible for evaluating those sub-factors and the necessary contact at the organization is as follows:

Anthony Kim
Center for International Trade and Economic
The Heritage Foundation
214 Massachusetts Ave. NE
Washington DC 20002
Phone: 202-608-6261
E-mail: anthony.kim@heritage.org

In order to make sure that your comments are addressed, we will forward your information to the Heritage Foundation. However, we recommend that you do the same as well. Please let me know if you have any questions. Thank you.

Roz Hewsenian, Wilshire Associates

Attachment 2: Second E-mail from the Philippines (no content)

-----Original Message-----

From: NEspenilla@bsp.gov.ph [mailto:NEspenilla@bsp.gov.ph]

Sent: Wednesday, March 01, 2006 5:51 PM

To: matt.zimmer@estandardsforum.com; permissiblemarkets@wilshire.com

Cc: DGuinigundo@bsp.gov.ph; ealido@bsp.gov.ph

Subject: Notice of Remonstrations

Importance: High

Attachment 2 (continued): Wilshire's response to the second e-mail from the Philippines

-----Original Message-----

From: Permissiblemarkets [mailto:permissiblemarkets@wilshire.com]
Sent: Thursday, March 02, 2006 1:51 PM
To: NEspenilla@bsp.gov.ph
Cc: ealido@bsp.gov.ph; DGuinigundo@bsp.gov.ph; anthony.kim@heritage.org
Subject: RE: Notice of Remonstrations

Hello,

Thank you for the notice of remonstrations.

Given that your e-mail does not provide any content, I am assuming that this notice of remonstrations is tied to the comments that I received on a separate e-mail from Evelyn R. Santos, Officer in Charge, who provided Wilshire comments regarding sub-factors 6B and 6C of the Permissible Equity Markets Investment Analysis. As communicated to Ms. Santos and as instructed in our report, we will forward her comments to the appropriate third party source as shown below:

Anthony Kim
Center for International Trade and Economic
The Heritage Foundation
214 Massachusetts Ave. NE
Washington DC 20002
Phone: 202-608-6261
E-mail: anthony.kim@heritage.org

We recommend that you do the same as well. Please let me know if you have any questions. Thank you.

Roz Hewsenian, Wilshire Associates

Attachment 3: E-mail from South Africa

-----Original Message-----

From: Scott Wilson [mailto:ScottW@jse.co.za]

Sent: Thursday, March 02, 2006 6:02 AM

To: permissiblemarkets@wilshire.com

Cc: Nicky Newton-King

Subject: FW: CalPERS Permissible Equity Markets Investment Analysis Draft Report

Good morning,

The JSE would like to thank you for the opportunity to respond on the CalPERS Permissible Equity Markets Investment Analysis Draft Report.

Attached is a copy of the JSE's response to the above mentioned report and a South African response to FTSE covering many similar topics mentioned in your report.

If there are any questions please do not hesitate to contact me directly.

Kind regards

Scott Wilson

Strategist

JSE Limited

Tel: (+27) 11 520 7142

Fax: (+27) 11 520 8604

Cell: 082 595 9303

Email: scottw@jse.co.za

Attachment 3 (continued): First attachment to the e-mail from South Africa

Dear

The JSE would like to thank Wilshire and CalPERS for affording us the opportunity to respond to the 2006 CalPERS Permissible Markets Survey. The JSE is pleased to note that South Africa qualified as one of the top 10 emerging markets.

With regards to the results of the Survey the JSE has three queries, namely:

1. Stock Exchange Listing Requirements (Factor 2C):

The JSE's Wilshire score for Stock Exchange Listing Requirements dropped from 3 in 2005 to 2.3 in 2006. The 2006 score seems to be attributable to the following:

- JSE Listings Rules only require mining constituents to supply the JSE with quarterly reports and do not require quarterly reporting from non-mining constituents.
- JSE Listings Rules do not require companies to engage in any periodic reporting.

The reasons for this are that the JSE only requires additional reporting where there is perceived market and business benefit to such. The JSE Listings Rules that govern this have been developed in accordance with the King Code, international best practice and what the JSE believes to be appropriate and beneficial to the South African market and these do not mandate quarterly reporting for all companies. We believe that this was explained in the JSE response to the CalPERS Permissible Markets Survey which was sent to Wilshire consulting towards the end of 2005.

What is however of greater concern to the JSE than the score itself (though we were unsure why we received a 0 score for quarterly reporting when we do require this of our mining sector companies) is the decrease in the score despite the fact that the JSE has not changed or updated any of its listing rules or requirements in respect to financial reporting. It would seem therefore that the score decrease is caused solely by a lack of previously available data. The JSE would therefore appreciate it if CalPERS documented / reflected this in its report.

2. Settlement Proficiency (Factor 7A)

The JSE understands the impact that a longer settlement cycle has on the risk profile and settlement proficiency of an exchange and its financial market. This is why the JSE is in the process of implementing measures to reduce its settlement cycle from T+5 to T+3. Notwithstanding this, we feel compelled to point out the JSE has maintained a 100% settlement record since 2002 (i.e. not a single failed trade). To our knowledge the JSE is one of only a hand-full of exchanges that can make such a claim. We think this should be reflected in our score.

We are therefore somewhat concerned that this critical measure of an exchange's performance is not included within your reporting criteria thus creating the mistaken impression that there is risk associated with settlement of JSE trades. We would appreciate it if our spotless settlement record were reflected either in an improved score or in an annotation to the score.

As regards the rest of the report, the JSE was surprised with some of the scores as they related to areas/factors where the JSE and the South African financial market prides itself on complying with internationally accepted standards and norms. Indeed, FTSE (the global index provider) recently released a press release indicating that while we were an emerging market based on GNP per capita, our financial markets standards met and in some cases exceeded those in developed market. This we did not feel was reflected in the overall standing of the JSE under your methodology. A copy of FTSE's press release is attached.

The JSE believes it is important for us to understand the reasons for the gap between your score and our perception so that we could perhaps provide you with better information. We would therefore appreciate it if we could see the reports pertaining to:

- Factor 1: **Political Stability**, focusing on all the input criteria and supporting documentation.
- Factor 5A: specifically **Security Regulation** within **Adequacy of Financial Regulation**
source: eStandards Forum
- Factor 5B: **Shareholder's Rights**
source: Oxford Analytica
- Factor 5C: **Shareholders' Rights**
source: Oxford Analytica
- Factor 6A: **Trading Policy**
source: The aHeritage Foundation's Index of Economic Freedom (WSJ)
- Factor 6B: **Foreign Investment**
source: The aHeritage Foundation's Index of Economic Freedom (WSJ)
- Factor 6C: **Banking/Finance**
source: The aHeritage Foundation's Index of Economic Freedom (WSJ)

We look forward to hearing back from you and thank you once again for the opportunity to comment on the results of the 2006 CalPERS Permissible Markets Survey.

Media Information

FTSE Paper on Country Classification hits right note with investors

South Africa to retain Advanced Emerging status

London, 24 March 2004: - FTSE, the global index company, today unveiled the results of its public consultation on the treatment of countries within global benchmarks. The exercise revealed widespread support for FTSE's proposals for more transparent, objective and consistent treatment of countries in being assigned as developed or emerging markets. The public consultation strongly supported FTSE's proposal to define a country's status in global benchmarks, using both the economic status of a country and the investment quality of its financial markets. Over 100 organisations from 30 countries responded to the paper, expressing support for the suggestions in FTSE's paper. There are four main areas of output from the consultation results, which can be accessed at www.ftse.com/country

FTSE's consultation has identified that South Africa's quality of markets are robust, and in many cases, match or are superior to many Developed markets. The consultation also showed that international investors want countries to meet the World Bank's GNI per capita economic ratings in order to meet a Developed market status. South Africa's GNI does not currently meet that rating.

FTSE will continue to review the status of South Africa at regular Committee meetings, and monitor its economic status against the criteria requirements for Developed status.

Mark Makepeace, Chief Executive of FTSE Group, said "FTSE is working closely with institutional investors worldwide to set the highest global standards for benchmark indices. South Africa is an important market, with a market capitalisation of over

USD205 billion. FTSE’s research has confirmed that its market quality is very high, and attractive to global investors. We will continue to monitor the economic status of South Africa.”

A summary of responses to the consultation is given below, and full results can be accessed at www.ftse.com/country

More information from:

Sandra Steel/Nicky Gardner +44 207 448 8121 or email media@ftse.com

Notes to Editors

FTSE Country Classification Exercise – Summary of responses

Over 100 organisations from 30 countries worldwide responded to the consultation paper.

- 84% of respondents believe there is insufficient clarity in the way global benchmark indices define the market status of countries today
- 74% want the eligibility of countries to be determined using more objective criteria
- 93% want the quality of markets taken into account
- 57% felt that dividing emerging countries into advanced emerging and junior emerging is useful
- 90% felt corporate governance practices within a country are important in determining its markets share.
- 86% supported FTSE’s proposed criteria and approach to promoting and demoting countries between ‘developed’ and ‘emerging’ categories
- 79% of respondents supported the proposed Watch List of countries setting out possible future changes.

About FTSE Group

FTSE Group is a world-leader in the creation and management of indices. With offices in London, Frankfurt, Hong Kong, Madrid, Paris, New York, San Francisco and Tokyo, FTSE Group services clients in 77 countries worldwide. It calculates and manages the FTSE Global Equity Index series, which includes world-recognised indices ranging from the FTSE All-World Index, the FTSE4Good series and the recently launched Global Small Cap Index Series, as well as domestic indices such as the prestigious FTSE 100. The company has and Madrid exchanges, as well as with Nikkei of Japan (Nihon Keizai Shimbun, Inc), and Xinhua Financial Network of China. FTSE recently signed an agreement with Dow Jones Indexes to develop a single classification system for global investors, named the Industry Classification benchmark (ICB).

FTSE indices are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds. Independent committees of senior fund managers, derivatives experts, actuaries and other experienced practitioners review all changes to the indices to ensure that they are made objectively and without bias. Real-time FTSE indices are calculated on systems managed by Reuters. Prices and FX rates used are supplied by Reuters

Attachment 3 (continued): Wilshire's response to the e-mail from South Africa

From: Permissiblemarkets [mailto:permissiblemarkets@wilshire.com]
Sent: Thursday, March 02, 2006 1:58 PM
To: ScottW@jse.co.za
Cc: Nickyn@jse.co.za; anthony.kim@heritage.org; contact@weforum.com;
drmckee@prsgroup.com; matt.zimmer@estandardsforum.com; jtholstr@oxford-analytica.com;
thayer@freedomhouse.org; karlekar@freedomhouse.org; tsealy@prsgroup.com
Subject: RE: CalPERS Permissible Equity Markets Investment Analysis Draft Report

Dear Mr. Wilson,

Thank you very much for your comments regarding sub-factors 2C, 7A, and the list of other factors that you would like to better understand.

With respect to Factor 2C, Wilshire based our assessment on the survey response from Geoff Rothschild (Director: Marketing of JSE Limited), which we received on 12/21/05. In the response, South Africa indicated yes on 8 of the listing requirements and no on 1 (periodic reporting). However, based on the comments provided for the Quarterly reporting requirement ("Yes, however JSE Listing Requirements only force mining companies to produce, submit and publish quarterly reports"), we did not give you a point for that listing requirement since it does not apply for all companies listed on your stock exchange. This is why our assessment of South Africa's listing requirement is 7 out of 9 this year.

With respect to your comments on 7A (settlement proficiency), we have to stick with the T+5 settlement because the T+3 settlement period is not yet implemented. In addition, the fact that the JSE has maintained a 100% settlement record since 2002 is impressive. Unfortunately, all of the factors and sub-factors included in the Permissible Equity Markets Investment Analysis are set by the CalPERS Board. This means Wilshire cannot add or modify the sub-factors at this point given that we have not received that direction from the Board.

Lastly, you listed Factors 1, 5A, 5B, 5C, 6A, 6B, and 6C as factors that you would like to better understand. As indicated in the report, we recommend that you follow-up with the necessary third party sources responsible for these factors, as all of their contact information is included in the appendix of the report. In order to assist you, I have attached the report again and will also forward you concerns to them.

Please let me know if you have any questions. Thank you.

Roz Hewsenian, Wilshire Associates

Attachment 4: E-mail from Thailand

From: PATCHARIN ROJANAVANICHAKORN [mailto:PATCHARIN@set.or.th]
Sent: Thursday, March 02, 2006 3:29 AM
To: permissiblemarkets@wilshire.com
Cc: SETHAPUT SUTHIWART- NARUEPUT; CHIRAPATTANA MANOTNARUMON;
anthony.kim@heritage.org
Subject: RE: CalPERS Permissible Equity Markets Investment Analysis Draft Report (sent on behalf of Mr. Sethaput Suthiwart-Narueput)

Dear Mr. Hewsenian,

Thank you very much for your email of February 1 sending us the Exposure Draft of the 2006 Permissible Equity Markets Investment Analysis for our review.

In our revision to the 2006 Permissible Equity Markets Investment Analysis, please kindly be informed that we have no information to file a remonstrations. Nevertheless, we would appreciate your help following up with the Heritage Foundation regarding our notes on Thailand's capital flow and foreign investment we provided earlier.

Lastly, we would like to thank you for your kind attention for taking our comments on the Stock Market Openness Sub-factor into consideration, thus, the updated information has been reflected in the 2006 Permissible Equity Markets Investment Analysis.

We look forward to working with you in the future.

Sincerely,

Sethaput Suthiwart-Narueput
Senior Vice President - Research and Information
Stock Exchange of Thailand
62 Ratchadapisek Road, Klongtoey
Bangkok 10110, Thailand
Tel: 66 2229 2398
Fax: 66 2654 5602
e-mail: sethaput@set.or.th

Attachment 4 (continued): Wilshire's response to the e-mail from Thailand

From: Permissiblemarkets [mailto:permissiblemarkets@wilshire.com]
Sent: Thursday, March 02, 2006 2:00 PM
To: PATCHARIN@set.or.th
Cc: anthony.kim@heritage.org; CHIRAPATTANA@set.or.th; SETHAPUT@set.or.th
Subject: RE: CalPERS Permissible Equity Markets Investment Analysis Draft Report (sent on behalf of Mr. Sethaput Suthiwart-Narueput)

Dear Sethaput Suthiwart-Narueput,

Thank you very much for your e-mail and the attached notes.

We understand that you are not filing a remonstrance but will be happy to assist you in following up with the Heritage Foundation. I will be sure to forward this information to Anthony Kim of the Heritage Foundation. I am copying Anthony Kim on this e-mail and will also follow up with him via phone.

Please let me know if you have any questions. Thank you.

Roz Hewsenian, Wilshire Associates

Attachment 5: E-mail from Taiwan

From: 黃仲豪 [mailto:alex.fsc.ny@gmail.com]
Sent: Thursday, March 02, 2006 4:41 PM
To: permissiblemarkets@wilshire.com
Subject: Notice of Remonstrance by Taiwan Financial Supervisory Commission

Dear Sir/Madam,

This is Taiwan Financial Supervisory Commission, New York Rep. Office.
I am writing this letter to remonstrate the result of the draft "Permissible Equity Markets Investment Analysis" prepared by your company for the CalPERs.
After reviewing this report, we found that some factor scores of Taiwan are not evaluated appropriately.
We would like to provide with the updated and complete information on Taiwan's capital markets for your company to analyze more correctly, and let CalPERs make investment decision base on the right information.
Attached please find the explanation and information we provided for the questioned factors.
Please take this additional information into account to finalize the analysis.

Should you have any questions, please do not hesitate to contact me.

Regards,

Alex Huang
Taiwan Financial Supervisory Commission
Rep. Office in New York
1, East 42nd St. 13 Fl. New York, NY 10017
Tel. + 212-317-7324
Cell: +917-640-7188
Email: alex.fsc.ny@gmail.com

Attachment 5 (continued): Wilshire's response to the e-mail from Taiwan

From: Permissiblemarkets [mailto:permissiblemarkets@wilshire.com]
Sent: Friday, March 03, 2006 11:34 AM
To: alex.fsc.ny@gmail.com
Subject: RE: Notice of Remonstrations by Taiwan Financial Supervisory Commission

Dear Mr. Huang,

Thank you very much for your e-mail and the attachments.

As you know, the deadline for remonstrations for the 2006 Exposure Draft of the Permissible Equity Markets Investment Analysis was 7am Pacific Coast Time on March 2nd. Unfortunately, your remonstrations missed the deadline. However, we will still forward your information onto the necessary third parties to see if the information that you provided requires adjustments to the third party evaluations. Please keep in mind that these adjustments (if any) will not have a material impact on Taiwan's current score of 2.5, which is one of the highest among the countries included in our analysis. Also, given your score of 2.5, Taiwan is not at risk of falling off the CalPERS Permissible Country List.

I have attached to this report the 2006 Exposure Draft again. I encourage you to forward this information to the necessary contacts at the third parties so you can ensure that they receive the information.

Please let me know if you have any questions. Thank you.

Roz Hewsenian, Wilshire Associates

**In response to the Wilshire Consulting
2006 “Permissible Equity Markets Investment analysis and
Recommendations” Exposure Draft
by
Financial Supervisory Commission,
Executive Yuan, Taiwan**

Mar 2, 2006

2. Transparency

2D Accounting Standards

1. Harmonizing our accounting standards with international standards is one of the FSC’s major policies, and it is also the goal that guides Taiwan’s Accounting Research and Development Foundation (ARDF) in its work to establish domestic financial accounting standards. Recently, the ARDF has referred to the International Accounting Standards in amending SFAS 7 (Consolidated Financial Statement) and SFAS 35 (Accounting for Asset Impairment). These newly amended standards took effect on 1 January 2005.
2. The ARDF has referred to the International Accounting Standards in amending SFAS 34 (Accounting for Financial Instruments), SFAS 36 (Disclosure and Presentation of Financial Instruments), SFAS 1 (Conceptual Framework for Financial Accounting and Preparation of Financial Statements), SFAS 5 (Long-Term Investments in Equity Securities), and SFAS 25 (Business Combinations-Accounting Treatment under Purchase Method) which took effect on 1 January 2006.
3. Thanks to the developments described above, except employees’ bonuses accounting, most of Taiwan’s accounting rules and practices are largely in line with IAS.
4. Transparency of information disclosure
 - 4.1 According to the Article 36 of the “Securities and Exchange Act”, companies shall announce to the public and register with the Authority financial reports within 4 months following the close of each fiscal year, within 2 months following the close of each semi-annual fiscal year, and within 1 month

following the end of the first and third quarters of each fiscal year.

4.2 Companies shall announce and file the annual consolidated financial report to the Authority. Since 2005, all TSEC and GTSM listed companies shall announce semi-annual consolidated financial reports; non-listed companies shall comply with such requirement since 2006. Moreover, the Financial Holding Companies and Holding companies shall announce annual, semi-annual, and Quarterly consolidated financial reports.

5. Comparison of Accounting Standards in Taiwan and IFRS (Attachment 1)

4. Market Liquidity and Volatility

4C. Average Monthly Trading Value

The average monthly trading volume of TSEC-listed company stocks in 2005 was NT\$1,568.2 billion, a decrease of NT\$421.4 billion, comparing with the 2004 monthly average of NT\$1989.6 billion. However, many financial reform measures have been launched since the second half of 2005, spurring significant recent jumps in the monthly trading volume, with figures of NT\$1,721.9 billion, NT\$2,425.3 billion and NT\$2,163.5 billion posted for the three months from November 2005 to January 2006. Furthermore, Taiwan's securities markets have seen a net influx of capital from foreign investors, and indication that the both domestic and foreign investors are upping their investments in Taiwan's securities markets.

5. Market Regulation/Legal System/Investor Protection

5A. Adequacy of Financial Regulation

I The Financial Supervisory Commission (FSC) was officially established on 31 July 2004. As a result, Taiwan's former system of sectoral regulation, with separate regulatory authorities in charge of

supervision and examination in the banking, securities, and insurance sectors, has been replaced by a single unified system under the FSC. The FSC is working to provide higher quality financial supervision, with a special emphasis on the following objectives: strengthening corporate governance, enhancing the quality of information disclosure, strengthening the finances and risk management of financial institutions and publicly issued companies, implementing differential supervisory policy, and improving self-regulatory efforts within the business community (see page 14 of the attached FSC 2004 Annual Report).

II. Taiwan has a well-developed and transparent legal system. Under the provisions of the Administrative Procedure Act, before any law or regulation can be enacted or amended there must first be an advance announcement or public hearing to solicit a broad range of opinion. Key financial laws in Taiwan include the Financial Holding Company Act, Banking Act, Act Governing Bills Finance Business, Trust Enterprise Act, Financial Asset Securitization Act, Real Estate Securitization Act, Securities and Exchange Act, Futures Trading Act, and Insurance Act, to name just a few. The aforementioned laws are amended as necessary in response to changes in financial markets, and are available in English on the websites of the various competent authorities (FSC: www.fscey.gov.tw/mp.asp?mp=5, BANKING BUREAU: <http://law.banking.gov.tw/Eng/Default.asp>, SECURITIES AND FUTURES BUREAU: www.sfb.gov.tw/ensfcindex.asp, INSURANCE BUREAU: www.ib.gov.tw/mp.asp?mp=4) as well as the website of the Ministry of Justice : <http://law.moj.gov.tw/eng>).

III. As to the adequacy of capital market regulation, we have a series of laws and regulations to supervise the markets, such as “Securities and Exchange Act,” “Company Act,” “Securities Investment Trust and Consulting Act,” “Securities Investor and Futures Trader Protection Act,” “Certified Public Accountant Law,” “Business Accounting Law,” and “Futures Trading Act,” etc., as well as rules and regulations the SROs have made. All the laws and regulations are easy to find on

our websites or those on the SROs'. For more details, please enter into www.fscey.gov.tw, or www.sfb.gov.tw, linking to the “Law retrieving system” <http://eng.selow.com.tw>. Or you can link to “Related links” and enter into any agency or institution you are interested.

(1) Taiwan’s Securities and Exchange Act was amended in 2005 and took effect on January 13, 2006. The amendment focuses mainly on promoting corporate governance, expanding the business scope of securities firms, and establishing closer cooperation with overseas authorities (e.g. by signing of information sharing agreements and working together to prevent securities crime), and will go far toward strengthening Taiwan's international competitiveness and facilitating Taiwan's development into a regional financial services center. The following is a description of the amendments and the benefits expected to yield:

(1) Promotion of corporate governance

(1.1) Introduction of independent director system

The Act expressly provides that a public company may appoint independent directors in accordance with its articles of incorporation. The Competent Authority, however, must as necessary in view of the company's scale, shareholder structure, type of operations, and other essential factors, require public companies to appoint independent directors, not less than two in number and not less than one-fifth of the total number of directors. The FSC will implement this measure in gradual steps, putting top priority on financial holding companies as well as other firms (including banks, securities firms, insurers, securities investment trusts, exchange-listed companies, and OTC-listed companies) with authorized capital at or above a certain amount. A company must submit financial or operational actions of material significance to the board of directors for approval by resolution, and when an independent director has a dissenting opinion or qualified opinion, it must be noted in the minutes of the directors meeting.

(1.2) Introduction of audit committee system

The amended Act expressly provides that a public company must establish either an audit committee or a supervisor, with the proviso that the Competent Authority may, in view of the company's scale, type of operations, or other essential considerations, order it to establish an audit committee in lieu of a supervisor. The Act further provides that the audit committee must be composed of the entire number of independent directors, and that the committee must not be fewer than three persons in number (one of whom must be the convener, and at least one of whom must have accounting or financial expertise). Moreover, financial and operational matters of material significance require the consent of one-half or more of all audit committee members.

(1.3) Greater independence for directors and supervisors

The Act requires the following of public companies: the board of directors may not number less than five persons; when the government or a juristic person is a shareholder, its representative may not concurrently be selected or serve as the director or supervisor of the company; and among a public company's directors and supervisors, a certain minimum must be independent; independent directors/supervisors must account for a certain share of the total number of directors/supervisors; and certain familial relationships may not exist between the directors. The act also expressly provides that a company must formulate rules for the conduct of directors meetings, while regulations governing the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcement, and other matters for compliance are to be prescribed by the Competent Authority.

(1.4) Stricter liability for persons preparing company financial reports

(1.4.1) The chairperson, manager, and accounting officer are all required to sign or stamp financial reports, and must also produce a declaration that the reports contain no misrepresentations or nondisclosures. The Act also expressly provides that a accounting

officer must possess certain qualifications and must receive continuing professional education while holding the position.

(1.4.2) The Act expressly sets forth the conditions under which civil damages may be sought and the persons who may be held liable for falsehoods contained in financial reports or any other relevant financial or business documents. For example, with the exception of the chairman and general manager, other employees who sign or chop financial reports or other documents will not be liable for damages if they can demonstrate that they were not culpable or negligent in any way. Where other such employees do bear liability, their liability is in proportion to their degree of responsibility. In addition, CPAs who perform attestation of financial reports or financial and business documents are liable, in proportion to their degree of responsibility, for the occurrence of any damages that arise out of misconduct, violation or negligence in connection with the performance of their duties as CPA. Also, bona fide purchasers, sellers, or holders of the securities in question may petition a court to requisition the CPA's working papers, and further, to review or make copies of the same, and the CPA or accounting firm may not refuse such action.

(1.5) Stronger proxy management

The Act states more clearly what matters are to be addressed by the "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies," which the Act empowers the competent authority to issue. Such matters include: the qualifications of an issuer's proxy solicitors, proxy agents, and those handling proxy solicitation matters on its behalf; statistical tallying and verification of proxies; and the documents that must be reported and made available for public access. Another problem addressed by the amendment is the fact that, until now, the only sanction for violation of proxy rules was disqualification of the improper votes; there were no provisions for related criminal or administrative sanctions. To ensure that the aims of governmental regulation are achieved, the amended Act now provides for

administrative sanctions. The amended Act also provides for the offer of a reward for the report of a violation of Article 25-1 that leads to successful discovery of a violation, and empowers the competent authority to issue regulations governing such reward.

(1.6) Companies are now offered simpler capital raising procedures.

Securities issues that formerly needed prior approval from the competent authority now require only effective registration. Article 22, which governed the prior approval regime, has been deleted.

(2) Expanded scope of business for securities firms

Securities firms that have obtained approval from the competent authority are now allowed to borrow and lend securities and money, and to accept a commission from a client to act as depository or manage the client's funds. The amended Act no longer prohibits the directors, supervisors, and managers of a securities firm from investing in other securities firms or concurrently serving as a director or supervisor of a public company, and a provision has been added to the Act stating that when there is an investment relationship, and when the approval of the Competent Authority has been obtained, the aforementioned personnel as well as associated persons employed by securities firms whose duties relate to the securities business may serve concurrently as a director or supervisor of the invested securities firm. In addition, a number of provisions have been deleted from the Act to simplify underwriting procedures, including requirements pertaining to the underwriting period, matters that must be included in an underwriting contract, and matters that must be reported to the authorities.

(3) Signing of information sharing agreements with foreign authorities

The Act expressly provides that the ROC government and agencies (or institutions) authorized by it may, based on the principle of reciprocity, enter into a cooperative treaty or agreement with a foreign government or agency (institution), or with an international organization, to facilitate matters such as information exchange, technical cooperation, and investigation assistance.

(4) Market manipulation and insider trading

(4.1) Content of amendment:

(4.1.1) **Market manipulation:** The Act expressly mentions two types of market manipulation, namely, failure to settle a buy order (where an investor does not settle with a securities firm) and failure to settle a reported trade (where a securities firm does not settle on the market). The Act also prohibits actions taken with the intent of creating an impression of brisk trading in a particular security.

(4.1.2) **Insider trading:** The Act further clarifies the definitions of the constituent elements of insider trading (e.g. who is considered an insider, the manner in which insider information is disclosed, and what constitutes material information) and also sets forth clearer provisions governing the calculation of civil damages.

(5) Stiffer penal provisions

The Act raises the minimum administrative fine for violation of administrative laws and regulations from NT\$120,000 to NT\$240,000. And where failure to make rectification leads to successive administrative fines, the range has been raised from NT\$240,000 ~ 480,000 to NT\$480,000 ~ 4.8 million.

The establishment of a corporate governance regime will facilitate effective supervision of corporate activities and boost investor confidence, thereby attracting long-term capital and foreign investors. Easing statutory and regulatory restrictions, allowing securities firms to engage in a broader scope of business, and promoting the launch of innovative new financial products will bring Taiwan's financial regulatory regime more closely in line with global standards. Moreover, the signing of information sharing agreements with foreign authorities for the purpose of cross-border supervision, and the adoption of stronger measures to prevent securities crime, will enable Taiwan to exercise more effective financial supervision and more successfully maintain orderly securities trading.

2. On 22nd June 2005, Taiwan amended the Corporate Law regarding corporate governance:

- (1) Establishing Electronic (Proxy) Voting System and/or Electronic Shareholders' Meeting
 - (2) In order to enhance the corporate governance of public companies, the amendment entitled a shareholder to submit a proposal to be included in the proxy materials and the agenda of shareholders' meeting.
 - (3) Allowing shareholders to nominate candidates of directors and supervisors.
 - (4) Prohibiting/Restricting a subsidiary from exercising shareholder's rights in the parent company.
3. As to the adequacy of transparency of information disclosure:
- (1) In order to achieve a higher level of transparency, understand the operational and financial activities of publicly held companies, and allow investors to make more informed and rational decisions, the FSC demands full disclosure in prospectuses, periodical information, and important information that may affect shareholders' interests or stock prices. The disclosure of information has been integrated and uploaded on a website in order to increase its availability for interested parties.
 - (2) Furthermore, in order to enhance corporate governance of public companies, keeping abreast of international trends and strengthening the appropriate corporate governance framework in Taiwan, the FSC is promoting the gradual improvement of the information disclosure system by introducing self-regulatory mechanisms and emphasizing their adaptation to the domestic business environment. The Securities and Futures Institute ("SFI") launched "Information Transparency and Disclosure Rankings System" (ITDRS) to evaluate the level of transparency for all TSEC/GTSM Listed companies in Taiwan.
 - (3) In addition, all of the material information of the public-held companies is required to disclose and announce to the public or report to the FSC. Specific description of the list, please see attachment 2.

5B. Creditors' Right

About the bankruptcy mechanism, Taiwan has undertaken the following steps:

- (1) Promoting the modernization of bankruptcy and reorganization act.
Research the feasibility of combining the bankruptcy and reorganization acts into a single framework.
- (2) With help to establish the mechanism of company's march out of the market, and strengthen the corporate governance, the government tries to combine the two acts in one.

5C. Shareholders' Rights

1. The Securities Investor and Futures Trader Protection Act took effect on January 1, 2003. In accordance with the Protection Act, the Securities and Futures Investors Protection Center (hereinafter referred to as "SFIPC") was established with court approval in 2003. In addition to consultation and mediation, the Center also handles investor complaints, files class-action lawsuits on behalf of investors, and manages the investor compensation fund. The SFIPC was established to strengthen the investor protection mechanism and promote development of the securities and futures markets in Taiwan.
2. According to the amendments of Articles 172-1、 192-1 and 216-1 of the "Company Act" , a shareholder holding 1% or more of the total outstanding shares is entitled to submit a proposal ("Right of Shareholder Proposal") or a nominee list of directors and supervisors ("Directors、 Supervisors Candidate Nomination System") to the public company. Such that, institutional investors can express their disagreement and vote against resolutions through the "Right of Shareholder Proposal" and "Directors、 Supervisors Candidate Nomination System" .
The FSC held a conference that invited the managers of four major funds of Taiwan in August 2005, referred to US CalPERS for

example, to interpret how institutional investors can take the advantage of market mechanism to promote corporate governance. Besides, when an offshore foreign institutional investor holds more than 300,000 shares (including 300,000 shares) in a listed or GTSM company in Taiwan, its designated domestic agent or representative may, under the authorization of the offshore foreign institutional investor, appoint a person other than the designated domestic agent or representative to attend the shareholders meeting and exercise the voting rights; such attendance shall be viewed as attendance of itself. Offshore foreign institutional investors may not give proxies to a proxy solicitor or proxy agent.

3. According to the amendments of Articles 192-1 and 216-1 of the “Company Act”, introducing the “candidate nomination system”, under which a shareholder holding 1% or more of the total outstanding shares, may submit a nominee list of directors and supervisors to the company. Then, the board of directors shall take the list into the nomination list for electing directors and supervisors. Besides, the articles of incorporation shall specify such a system. The amendments of the articles aim to help stimulate retail shareholders to nominate independent directors.
4. Furthermore, according to Article 172-1 of the “Company Law”, a shareholder holding 1% or more of the total outstanding shares, is entitled to submit a proposal suggesting the public company to set up independent directors.
5. Additionally, according to Article 6 of the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”, when the proposal of electing directors or supervisors is listed on the shareholders meeting agenda and one of the candidates whom the shareholders support meets the qualifications of independent director or supervisor, a shareholder who has continuously held 8 percent or more of the total number of issued shares of the company for one year or more may mandate a trust enterprise or an agent for stock affairs to act as the solicitor. Where the shareholders sharing the same opinion on a proposal in a

shareholders meeting may jointly make a mandate. Therefore, retail shareholders can also nominate independent directors, exempted restrictions from limit of the voting right of proxies that support the qualified independent directors or supervisors.

6. According to the amendments of Articles 172-1 and 177-1 of the “Company Law”, shareholders are entitled to submit proposals and conduct voting right in written on through Electronic (Proxy) Voting System. This new provision, by reference to the “Securities Exchange Law” of the US, stipulates that each shareholder is entitled to bring up one proposal only, which contains less than 300 characters. The amendments are helpful for stimulating retail shareholders to engage in annual general meeting. Practically, almost 70% investors in Taiwan stock market are individual investors. They are actively engaged in annual general meetings in order to express their opinions of the company’s operation.

6. Capital Market Openness

6B. Foreign Investment

To promote Taiwan’s market as one of the FTSE’s developed markets, during the past year, Taiwan’s capital market has been deregulated broadly. We lifted lots of restrictions regarding foreign investment in Taiwan securities markets such as simplifying the procedure by adopting the “registration” process instead of “pre-approval” application for foreign investors. Any foreign investor who intends to invest in Taiwan securities markets can launch into the markets immediately after finished his/her registration process.

The Financial Supervisory Commission (FSC) has kept adopting a series of deregulated measures such as: (1) allowing foreign investors to engage in long hedge strategy on futures market, (2) simplifying registration process, (3) relaxing the securities lending and borrowing system, (4) adopting the late settlement mechanism, abolished the ruling that banning an investor from trading in Taiwan markets (up to 3 years) if he/she failed to meet settlement requirement in time, (5) allowing

foreign institutional investors to transfer assets between accounts under the condition of the same beneficiary, (6) allowing the foreign institutional investors to open omnibus accounts, (7) lifting the restrictions as to block trading, etc.

The FSC will continue to expand the scale of Taiwan's securities markets, speed up its pace to meet the international trends, as well as to assist foreign investors meeting their demands by adopting a series of deregulations.

6C. Banking/Finance

1. Government shareholdings in banks

1.1 The Taiwan government has always scrupulously abided by the principle of maintaining separation between ownership and managerial authority, and the exact same legal requirements apply to both state-run and private-sector banks in Taiwan, therefore the degree of freedom in our financial markets is not affected by the government's ownership of bank shares.

1.2 In an effort to enhance the competitiveness of Taiwan's financial sector and spur the emergence of heavyweight financial institutions, the Taiwan government is actively promoting consolidation among financial institutions. We have plans to reduce public holdings in government-invested financial institutions, and to allow the merger or acquisition of such institutions. Moves in this direction include the following: the Bank of Overseas Chinese in December 2005 completed a capital restructuring program involving a capital reduction followed by a capital increase, with the Polaris Group coming in as the largest shareholder; the Taiwan Development and Trust Corporation sold its trust division in January 2005 to Jih Sun Holdings; Chang Hwa Bank carried out a capital increase by issuing 1.4 billion preferred shares, bringing in Taishin Financial Holding as its largest individual shareholder; Central Trust of China received approval in November 2005 from the Executive Yuan to merge with

the Bank of Taiwan; and Taiwan Cooperative Bank and Farmers Bank of China announced a merger in November 2005.

2. Allocation of credit:

Taiwan does not have credit control measures. It is true that Article 72 of the Banking Act places a limit on the total amount of medium-term loans, loans for residential buildings, and loans for business buildings, and Article 33 of that same Act limits the extension by banks of credit to the same person, same related parties, or same affiliated enterprises, but these restrictions are for the purpose of risk diversification. Prudential supervisory measures designed to establish a stable financial environment do not in any way weaken the Taiwan government's longstanding policy of respect for market mechanisms.

3 Degree of financial institution freedom

- 3.1. To help financial institutions provide more comprehensive services, the FSC is actively encouraging product innovation while easing restrictions on business scope and uses of capital. The FSC has also established a one-stop service window and simplified product review procedures (see page 10 of the attached FSC 2004 Annual Report).
- 3.2 The Financial Holding Company Act allows the subsidiaries of a financial holding company to engage in cross-selling by setting up specialized counters at each other's places of business, thus enabling the provision of a full range of banking, securities, and insurance services all from a single location. The only proviso is that such activities must not harm the rights or interests of customers, and the business area and staff of each business line shall be clearly distinguished. In addition, to govern the activities of banks, insurance companies, and securities firms not operating within the framework of a financial holding company, Taiwan has adopted the "Direction Regarding Cooperation Between Banks, Securities Firms, and Insurance Companies in the Promotion of Products from a Different Industry or in the Provision of Related Services." Under

this Direction, banks (including credit cooperatives), securities firms, and insurance companies are allowed, as long as certain conditions are met, to apply to their respective competent authorities for permission to cooperate in the promotion of products from different industries or in providing related services.

4 Protectionist regulations

4.1 Article 123 of the Banking Act provides that the provisions of the Banking Act apply mutatis mutandis to foreign banks, therefore Taiwan's regulation of foreign banks is consistent with the national treatment principle. Taiwan issues full licenses to the Taiwan branches of foreign banks, allows them to engage in all the same lines of business that are operated by domestic banks, and -- just as with domestic banks -- ceilings on credit extensions are based on the net value of the head office. Foreign banks thus compete on equal footing with domestic banks, and are free to develop their businesses on the basis of their professionalism and competitive strengths.

4.2 Taiwan also allows foreign investors to take a 100% stake in domestic banks.

Financial institutions in which foreign investors hold 20% or more (as of 31 Dec 2005)

Name	Foreign holding ratio	Statutory ceiling on foreign holdings
Chinatrust Financial Holding	52.41%	100%
SinoPac Holding	33.52%	100%
Taishin Financial Holding	30.74%	100%
Fubon Financial Holding	30.27%	100%
Yuanta Core Pacific Securities	29.15%	100%
Bank of Kaohsiung	27.28%	100%

Polaris Securities	27.08%	100%
E.SUN Financial Holding	25.95%	100%

Source: www.tse.com.tw/ch/trading/fund/MI_QFIIS/MI_QFIIS.php

5. In order to allow securities investment trust enterprises (SITEs) and securities investment consulting enterprises (SICEs) to each concurrently operate the business of the other, and to allow securities brokers to apply to concurrently operate securities investment consulting business and provide discretionary investment services, as well as to meet the needs of discretionary investment business operations, the FSC (Financial Supervisory Commission) on 20 January 2006 adopted the “Regulations for the Prevention of Conflicts of Interest Where a Securities Investment Trust Enterprise Concurrently Operates a Securities Investment Consulting Enterprise or Vice Versa, or a Securities Investment Trust Enterprise or Securities Investment Consulting Enterprise Concurrently Operates Another Enterprise, or is Concurrently Operated by Another Enterprise”. The FSC also amended another six related regulations, including: the “Standards Governing the Establishment of Securities Investment Trust Enterprises”, “Regulations Governing Securities Investment Trust Enterprises”, “Regulations Governing the Operation of Discretionary Investment Services by Securities Investment Trust Enterprises and Securities Investment Consulting Enterprises”, “Regulations Governing the Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises”, “Standards Governing the Establishment of Securities Investment Consulting Enterprises”, and the “Regulations Governing Securities Investment Consulting Enterprises”.

6. In order to expand the business scope of securities firms, Article 60 of the Securities and Exchange Act allows securities firms to engage in

(1) borrowing or lending securities, or acting as an agent or intermediary in the borrowing or lending of securities, (2) borrowing or lending money in connection with securities business, or acting as an agent or intermediary for such borrowing or lending of money and in connection with securities business, (3) accepting a commission from a client to act as depository or invest the client's funds.

Attachment #1

Comparison of Accounting Standards in Taiwan and IFRS

Statements of Financial Accounting Standards in Taiwan (SFAS)		International Accounting Standards (IAS) International Financial Reporting Standards (IFRS)	
SFAS NO.	Title	IAS NO.	Title
SFAS NO.1	Conceptual Framework for Financial Accounting and Preparation of Financial Statements	IAS1	Presentation of Financial Statements
		IAS16	Property, Plant and Equipment
SFAS NO.2	Accounting for Leases	IAS17	Leases
SFAS NO.3	Capitalization of Interest Cost	IAS23	Borrowing Costs
SFAS NO.5	Long-Term Investments in Equity Securities	IAS28	Investments in Associates
SFAS NO.6	Disclosure of Related Party Transactions	IAS24	Related Party Disclosures
SFAS NO.7	Consolidated Financial Statements	IAS27	Consolidated and Separate Financial Statements
SFAS NO.8	Accounting Changes and Prior Period Adjustments	IAS8	Accounting Policies, Changes in Accounting Estimates and Errors
SFAS NO.9	Contingencies and Subsequent Events	IAS10	Events Occurring After the Balance sheet Date
		IAS37	Provisions,Contingent Liabilities and Contingent Assets
SFAS NO.10	Valuation and Presentation of Inventory	IAS2	Inventories
SFAS NO.11	Long-Term Construction Contracts	IAS11	Construction Contracts
SFAS NO.12	Accounting For Income Tax Credits		N/A
SFAS NO.13	Accounting by Debtors and Creditors for Troubled Debt Restructuring	IAS39	Financial Instruments:Recognition and Measurement
SFAS NO.14	Accounting for Foreign Currency Transactions and Translation of Foreign Financial Statements	IAS21	The Effects of Changes in Foreign Exchange Rates

SFAS NO.15	Disclosure of Accounting Policies	IAS1	Presentation of Financial Statements
SFAS NO.16	Preparation of Financial Forecasts		N/A
SFAS NO.17	Statement of Cash Flows	IAS7	Cash Flows Statements
SFAS NO.18	Accounting for Pensions	IAS19	Employee Benefits
		IAS26	Accounting and Reporting by Retirement Benefit Plans
SFAS NO.19	Development Stage Accounting		N/A
SFAS NO.20	Disclosure of Segment Financial Information	IAS14	Segment Reporting
SFAS NO.21	Accounting for Convertible Bonds	IAS39	Financial Instruments: Recognition and Measurement
SFAS NO.22	Accounting for Income Taxes	IAS12	Income Taxes
SFAS NO.23	Interim Financial Reporting and Disclosures	IAS34	Interim Financial Reporting
SFAS NO.24	Earnings Per Share	IAS33	Earnings Per Share
SFAS NO.25	Business Combinations-Accounting Treatment under Purchase Method	IFRS3	Business Combinations
SFAS NO.26	Accounting for Bonds Issued with Stock Purchase Warrants	IAS39	Financial Instruments: Recognition and Measurement
SFAS NO.27	Disclosure of Financial Instruments	IAS32	Financial Instruments: Disclosure and Presentation
SFAS NO.36	Disclosure and Presentation of Financial Instruments		
SFAS NO.28	Disclosures in the Financial Statements of Banks	IAS30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
SFAS NO.29	Accounting for Government Assistance	IAS20	Accounting for Government Grants and Disclosure of Government Assistance

SFAS NO.30	Accounting for Treasury Stocks		N/A
SFAS NO.31	Accounting for Joint Ventures	IAS31	Interests in Joint Ventures
SFAS NO.32	Accounting for Revenue Recognition	IAS18	Revenue
SFAS NO.33	Accounting for Transfers of Financial Assets and Extinguishments of Liabilities	IAS39	Financial Instruments: Recognition and Measurement
SFAS NO.34	Accounting for Financial Instruments		
SFAS NO.35	Accounting for Asset Impairment	IAS36	Impairment of Assets
	N/A(due to lack of urgency)	IAS15	Information Reflecting the Effects of Changin g Prices (Resolution of the IASB-Withdrawal of IAS15 by the Borard)
	N/A(due to lack of urgency)	IAS29	Financial Reporting in Hyperinflationary Economies
	Preliminary draft	IAS38	Intangible Assets
	N/A	IAS40	Investment Property
	N/A	IAS41	Agriculture
	N/A	IFRS1	First-time Adoption of International Financial Reporting Standards
	N/A	IFRS2	Share-based Payment
	N/A	IFRS4	Insurance Contracts
	N/A(but Interpretations issued)	IFRS5	Non-Current Assets Held for Sale and Discontinued Operations

我國與國際財務會計準則公報之比較

我國財務會計準則公報		國際財務會計準則公報	
公報號次	公報名稱	公報號次	公報名稱
第一號	財務會計觀念架構及財務報表之編製	IAS1	Presentation of Financial Statements
		IAS16	Property, Plant and Equipment
第二號	租賃會計處理準則	IAS17	Leases
第三號	利息資本化會計處理準則(第三次修訂版)	IAS23	Borrowing Costs
第五號	長期股權投資會計處理準則(第三次修訂版)	IAS28	Investments in Associates
第六號	關係人交易之揭露	IAS24	Related Party Disclosures
第七號	合併財務報表 (第二次修訂版)	IAS27	Consolidated and Separate Financial Statements
第八號	會計變動及期前損益調整之會計處理	IAS8	Accounting Policies, Changes in Accounting Estimates and Errors
第九號	或有事項及期後事項之處理準則	IAS10	Events Occurring After the Balance sheet Date
		IAS37	Provisions,Contingent Liabilities and Contingent Assets
第十號	存貨之評價與表達	IAS2	Inventories
第十一號	長期工程合約之會計處理準則	IAS11	Construction Contracts
第十二號	所得稅抵減之會計處理準則		未定
第十三號	財務困難債務整理之會計準則處理	IAS39	Financial Instruments:Recognition and Measurement
第十四號	外幣換算之會計處理準則	IAS21	The Effects of Changes in Foreign Exchange Rates
第十五號	會計政策之揭露	IAS1	Presentation of Financial Statements
第十六號	財務預測編制要點		未定
第十七號	現金流量表	IAS7	Cash Flows Statements
第十八號	退休金會計處理準則	IAS19	Employee Benefits

		IAS26	Accounting and Reporting by Retirement Benefit Plans
第十九號	創業期間之會計處理準則 (第二次修訂版)		未定
第二十號	部門別財務資訊之揭露	IAS14	Segment Reporting
第二十一號	轉換公司債之會計處理準則	IAS39	Financial Instruments: Recognition and Measurement
第二十二號	所得稅之會計處理準則	IAS12	Income Taxes
第二十三號	期中財務報表之表達及揭露	IAS34	Interim Financial Reporting
第二十四號	每股盈餘(第二次修訂版)	IAS33	Earnings Per Share
第二十五號	企業合併-購買法之會計處理	IFRS3	Business Combinations
第二十六號	附認股權公司債會計處理準則	IAS39	Financial Instruments: Recognition and Measurement
第二十七號	金融商品之揭露	IAS32	Financial Instruments: Disclosure and Presentation
第三十六號	金融商品之表達與揭露		
第二十八號	銀行財務報表之揭露	IAS30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
第二十九號	政府輔助之會計處理準則	IAS20	Accounting for Government Grants and Disclosure of Government Assistance
第三十號	庫藏股票之會計處理準則		未定
第三十一號	合資投資之會計處理	IAS31	Interests in Joint Ventures
第三十二號	收入認列之會計處理準則	IAS18	Revenue
第三十三號	金融資產之移轉及負債消滅之會計處理準則	IAS39	Financial Instruments: Recognition and Measurement
第三十四號	金融商品之會計處理準則		
第三十五號	資產減損之會計處理準則	IAS36	Impairment of Assets
	經討論我國情況尚無需訂定此公報	IAS15	Information Reflecting the Effects of Changing Prices (Resolution of the IASB-Withdrawal of IAS15 by the Board)
	經討論我國情況尚無需訂定此公報	IAS29	Financial Reporting in Hyperinflationary Economies
	(已完成研究員草案)	IAS38	Intangible Assets
	未定	IAS40	Investment Property
	未定	IAS41	Agriculture

	未定	IFRS1	First-time Adoption of International Financial Reporting Standards
	未定	IFRS2	Share-based Payment
	未定 (保險事業發展中心擬先研究)	IFRS4	Insurance Contracts
	未定，但本會 (86) 基秘字第 124 號函及 (87) 基秘字第 272 號函已對停業部門之會計處理有原則性規範	IFRS5	Non-Current Assets Held for Sale and Discountinued Operations

Attachment #2

II、List concerning what information Publicly-held companies should announce to the public or report to the FSC.

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
I. Items to be handled on a regular basis 1 Monthly sales revenues	1 Financial and insurance enterprises 1 Operating revenue 2 Operating expenses 2 Other listing companies on the TSEC and GTSM 1 Invoice income 2 Operating revenue	Must input relevant information into the Market Observation Post System (MOPS) prior to the tenth day of the following month	None	1 Item 1 and 4 of Article 36 of the Securities and Exchange Act and Article 5 of the Enforcement Rules of the Securities and Exchange Act 2 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 08842, August 10, 1988 3 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 003888, August 10, 1991 4 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 0910003639, June 28, 2002 5 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 0910004197, August 6, 2002 6 Former Securities and Futures Commission, Ministry of Finance (6) Document No.

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
				0910006432, December 31, 2002
2 Monthly Endorsement and Guarantee	The amount of endorsement and guarantee	Must input relevant information into MOPS prior to the tenth day of the following month	None	<p>1 Article 36-1 of Securities and Exchange Act.</p> <p>2 The Guidelines for the Lending of Capital, Endorsements and Guarantees by Public Companies</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639of June 28, 2002.</p>
3 Monthly capital lending	The amount of capital lending	Ditto	None	<p>1 Article 36-1 of Securities and Exchange Act.</p> <p>2 The Guidelines for the Lending of Capital, Endorsements and Guarantees by Public Companies</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639of June 28, 2002.</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
4 Information about derivative instrument transactions	Capital amount engaged in derivative instrument transactions	Ditto	None	1 Article 36-1 of Securities and Exchange Act. 2 Guidelines for Handling Acquisition and Disposal of Assets by Public Companies 3. <u>Financial Supervisory Commission (1) Document No0940001484, April 8, 2005.</u>
*5 Q1 financial report Q3 financial report	1 Quarterly financial report reviewed by CPAs 2 <u>Quarterly Consolidated financial report reviewed by CPAs (Apply to financial holding companies and Holding companies)</u> 3 Case checklist 4 Analysis and CPA's opinion of reasons for a	1 Must transmit it to the MOPS in electronic file format and file it to this commission in paper file format within one month of the end after the first and third quarters of each business year 2 Companies whose stocks are traded in the Emerging Market or whose stocks are no yet listed on TSE or GTSM are exempted from making public announcements and filing reports except the bank, insurance or securities subsidiaries of the financial	* 1 Taiwan Stock Exchange * 2 GreTai Securities Market 3 Securities and Futures Institute	1 Item 1 and 4 of Article 36 of the Securities and Exchange Act 2 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 01468, August 4, 1994 3 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 0910003639, June 28, 2002 4 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 0910006432, December 31, 2002 5 Former Securities and Futures Commission, Ministry of

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	discrepancy of 20 percent or more between actual and forecast income before taxes	holding companies. <u>3Quarterly Consolidated financial report Must transmit it to the MOPS in electronic file format and file it to this commission in paper file format within one month or 45 days of the end after the first and third quarters of each business year.</u>		Finance (6) Document No. 091000549, February 11, 2003 6 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 0910112978, April 23, 2003 <u>7. Securities and Futures Commission, Ministry of Finance (6) Document No0910006430, December 31, 2002</u> <u>8. Financial Supervisory Commission (6) Document No0940001071, March 8, 2005.</u>
6 Half-yearly financial report	1 Half-yearly financial report audited by CPAs <u>2. financial holding companies and Holding companies Half-yearly</u>	<u>1Must transmit it to the MOPS in electronic file format and file it to this commission in paper file format within two months of the end of each half business year.</u> <u>2.Financial holding companies Half-yearly Consolidated financial report Must transmit it to the MOPS in electronic</u>	* 1 Taiwan Stock Exchange * 2 GreTai Securities Market 3Securities and Futures Institute	1 Item 1 and 4 of Article 36 of the Securities and Exchange Act 2 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 01468, August 4, 1994 3 Former Securities and Futures Commission, Ministry of Finance (1) Document No.

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<u>Consolidated financial report audited by CPAs, other companies</u> <u>Half-yearly Consolidated financial report reviewed by CPAs.</u> 3 Minutes of Board Meeting 4 Report recognized by the supervisors 5 Case checklist 6 Analysis and CPA's opinion of reasons for a discrepancy of 20 percent or more between actual and forecast income before taxes	<u>file format and file it to this commission in paper file format within two months of the end of each half business year.</u> 3. <u>Other companies Half-yearly Consolidated financial report Must transmit it to the MOPS in electronic file format and file it to this commission in paper file format within two months or 75 days of the end of each half business year.</u>		0910003639, June 28, 2002 4 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 0910006432, December 31, 2002 5 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 091000549, February 11, 2003 6 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 0910112978, April 23, 2003 7 <u>Financial Supervisory Commission (6) Document No. 0930154140, December 16, 2004</u> 8 <u>Financial Supervisory Commission (6) Document No. 0940001317, March 29, 2005</u> 9 <u>Financial Supervisory Commission (6) Document</u>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
				<u>No0940001468, April 8, 2005</u> <u>10Financial Supervisory Commission (6) Document No0940001071, March 8, 2005</u>
7 Yearly financial report	1 Yearly financial report audited by CPAs 2 Consolidated financial statement 3 Minutes of Board Meeting 4 Report accepted by supervisors 5 Case checklist 6 Analysis and CPA's opinion of reasons for a discrepancy of 20 percent whose amount is equal to or over 0.5 percent of paid-in capital	1 Must transmit it to the MOPS in electronic file format and file it to this commission in paper file format within four months after the end of each business year 2 Public announcement and filing must not be postponed by any reason.	*1 Taiwan Stock Exchange *2GreTai Securities Market 3Securities Exchanges Securities and Futures Institute	1 Item1 and 4 of Article 36 of the Securities and Exchange Act 2 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 01081 ,June 1, 1991 3 Former Securities and Futures Commission, Ministry of Finance (6) Document No.03363, December 7, 1991 4 Former Securities and Futures Commission, Ministry of Finance (1) Document No.01680, July 12, 1993 5 Former Securities and Futures Commission, Ministry of Finance (6) Documents No. 04448 and 04449, November 30, 1999 6 Former Securities and Futures

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<p>and NT30,000,000 between actual and forecast income or unaudited income before taxes</p> <p>7 Consolidated financial statement for parent and affiliated companies</p>			<p>Commission, Ministry of Finance (1) Document No. 0910003639, June 28, 2002</p> <p>7 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 0910006432, December 31, 2002</p> <p>8 Former Securities and Futures Commission, Ministry of Finance (6) Document No. 091000549, February 11, 2003</p> <p>9 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 0910112978, April 23, 2003</p>
8 Changes to share ownership and pledged rights	The changes to share ownership, arranged pledge and annulled pledge of the company's board directors, supervisors, managers, and	<p>1 The company should input information regarding the changes of shares held by internal company personnel during the previous month into MOPS, prior to the 15th day of each month.</p> <p>2 If a pledge is arranged, the arranging party should input</p>	None	<p>1 Article 25 of the Securities and Exchange Act</p> <p>2 Former Securities and Futures Commission, Ministry of Finance (2) Document No.08954, August 26, 1988</p> <p>3 Former Securities and Futures Commission, Ministry of</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<p>shareholders holding 10 percent or more of the company's stocks (referred to as internal company personnel)</p> <p>(Reports should be submitted by: directors of the board, supervisors, managers, and shareholders holding more than 10 percent of the company's stocks, including their spouses, under-age children and nominal third party holders. This also applies to representatives appointed by the government or corporate</p>	<p>relevant information into the MOPS within five days, and transmit a summary report in an electronic file to the MOPS before the 15th day of each month. The same is valid for annulled pledges.</p>		<p>Finance (3) Document No.001191, February 8, 2002</p> <p>4 Former Securities and Futures Commission, Ministry of Finance (3) Document No.107897, March 15, 2002</p> <p>5 Former Securities and Futures Commission, Ministry of Finance (1) Document No.0910003639, June 28, 2002</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	shareholders and their spouses, children or nominal third party shareholders)			
9.Information about shareholders meetings	1 Written meeting notification 2 Paper to be used for proxy 3 Procedural handbook 4 Complementary meeting materials	Shareholders meeting (including regular and special meetings of shareholders meetings) shall be reported to the Securities and Futures Institute 10 days prior to the shareholders meeting and transmit it in an electronic file to Market Observation Post System at the same time.	None	1 Article 25-1 of the Securities and Exchange Act 2 Article 4 of "Regulations Governing Use of Proxies by Public Companies for Attendance of Shareholders' Meetings" 3 Former Securities and Futures Commission, Ministry of Finance (3) Document No.0920001124, March 19, 2003
10. Matters regarding calls for proxies (1) Summarize the materials of Public announcements for solicitor	Summarize the solicited materials for the solicitor	1. <u>40</u> days prior to a shareholders meeting, or <u>23</u> days prior to a special shareholders meeting, the solicitor shall send to the solicited companies, and submit copies to the Securities and Futures	1 The filing of publicly announced in newspapers, could be omitted 2 Copies of the solicitor's forms for material solicitation shall be submitted	1 Article 25-1 of the Securities and Exchange Act 2 Item 1,2, Article 7 of "Rules Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies" 3 Former Securities and Futures Commission, Ministry of Finance (3) Document No.0920001124,

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p>Institute.</p> <p>30 days prior to a shareholders meeting, or 15 days prior to a special shareholders meeting, the company shall compile the Solicitor Solicitation Information and transmit it in an electronic file for disclosure by the Securities and Futures Institute, or shall publicly announce it in a daily newspapers for two consecutive days.</p> <p>2.If any change in the agenda of the shareholders meeting occurs from the date of expiry of the period for submission by the solicitor of the solicitation information pursuant to the preceding paragraph to the date of mailing of the shareholders meeting notice, the company shall immediately notify the solicitor with a copy to the</p>	to the Securities and Futures Institute.	March 19, 2003

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		Securities and Futures Institute and shall prepare an electronic file of the solicitation information as revised by the solicitor on the basis of the changed agenda and transmit to the Securities and Futures Institute for disclosure.		
(2) Submit the report of materials obtained by the solicitor	A detailed summary form about proxies information	On the day of the shareholders meeting, the public company or its agent for stock affairs shall compile a statistical statement of the number of shares obtained by the solicitor through solicitation and transmit it to the Securities and Futures Institute in electronic file format, and shall make an express disclosure of the same at the site of the shareholders meeting.	None	1 Article 25-1 of the Securities and Exchange Act 2Article 12 of "Rules Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Companies"
(3) Submit report on non-solicited authorized representation	A detailed summary form shall be compiled of non-solicited	On the day of the shareholders meeting, the public company or its agent for stock affairs shall compile a	None	1 Article 25-1 of the Securities and Exchange Act 2 Item 3, Article 13 of " Rules Governing the Use of Proxies for

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
materials	proxies authorizations for representation	statistical statement of the number of shares represented by the consigned agent transmit it to the Securities and Futures Institute in electronic file format, and shall make an express disclosure of the same at the site of the shareholders meeting.		Attendance at Shareholders Meetings of Public Companies"
11. Annual report	Annual report	<p>1 Annual report should be distributed to shareholders at regular meetings of shareholders</p> <p>2 Electronic files should be sent to the MOPS prior to a shareholders meeting.</p>	<p>* 1 Taiwan Stock Exchange</p> <p>* 2 GreTai Securities Market</p> <p>3 Securities and Futures Institute</p>	<p>1 Paragraph 3 and 4, Article 36 of the Securities and Exchange Law</p> <p>2 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 100116, January 3, 2000</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (1) Document No. 00371, February 1, 2000</p> <p>4 Former Securities and Futures Commission Ministry of Finance (1) Document No. 000536, March 2, 2001</p> <p>5 Former Securities and Futures</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
				<p>Commission Ministry of Finance (1) Document No. 0910003639, June 28, 2002</p> <p>6 Former Securities and Futures Commission Ministry of Finance (1) Document No. 0920112978, April 23, 2002</p>
12. Status of internal audit execution	Details-“ Standards for publicly Held Companies to Establish Internal Control Systems ”	<p>1 Before the end of January each year, Resumes of internal auditors should be summarized and transmitted in an electronic file to MOPS for this commission’s reference</p> <p>2 Within two months following the end of each fiscal year, the status of the execution of the audit plan for the previous year shall be transmitted in an electronic file to MOPS for this commission’s reference.</p> <p>3 Within five months following the end of each fiscal year, the status of improvements to internal control</p>	None	<p>1 Former Securities and Futures Commission, Ministry of Finance (1) Document No.003639, June 28, 2002</p> <p>2 Former Securities and Futures Commission, Ministry of Finance (audit) Document No.005805, November 18, 2002</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p>deficiencies or abnormalities discovered by the previous annual internal audit shall be transmitted in an electronic file to MOPS for this commission's reference</p> <p>4 Prior to the end of each fiscal year, the audit plan for the following year shall be transmitted in an electronic file to MOPS for this commission's reference.</p> <p>5 Prior to the tenth day of the following month, changes to the internal audit supervisor shall be approved by the board of directors and transmitted in an electronic file to MOPS for this commission's reference</p> <p># 6.TA company applying for initial public shall designate the certified public accountants to do the special audit for the effectiveness of the design &</p>		

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		implementation of the internal control system and provide the audit report to this commission.		
13. The status of the internal audit execution for companies engaged in derivative instrument transactions	Internal Auditors' report	Attached to the previous item, status of the internal audit execution, and filed in the Commission	None	<p>1. "Guidelines for Handling Acquisition and Disposal of Assets by Public Companies"</p> <p>2 Former Securities and Futures Commission, Ministry of Finance (1) Document No.0910003639, June 28, 2002</p>
14. Internal control declaration	Internal control declaration	Within four months following the end of each fiscal year, the internal control declaration shall be transmitted in an electronic file to MOPS for this commission reference	None	<p>1 Former Securities and Futures Commission, Ministry of Finance(1)Document No.0910003639,June 28.2002</p> <p>2 Former Securities and Futures Commission , Ministry of Finance (audit)Document No.0910005805,November 18,2002</p> <p>3 Former Securities and Futures Commission Ministry of Finance(audit)Document No.092001833,April 30,2003.</p> <p>4 Item 1,Article 24 of "Standards</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
				for Publicly Held Companies to Establish Internal Control Systems". 5 Item 2, Article 23 of "Criteria for the Establishment of Internal Control Systems By Securities and Futures Service Enterprises"
15. <u>The shareholders' rights of table motions</u>	<u>announcement of the shareholder's table motions 、 the place and the period to deal with those motions</u>	<u>The company should make an announcement including the shareholder's table motions 、 the place and the period to deal with those motions before the book closure date. And also, the period which we mention above must be no less than 10 days.</u>	<u>None</u>	<u>Article 172-1 of the Company Law</u>
16. <u>The system of nominate the directors and supervisors.</u>	<u>announcement of the directors or supervisors nominating</u>	<u>1. The company which adopts the</u> <u>nominate regulations should make an announcement including the directors or supervisors nominating period 、 the nominating number 、 the nominating</u>	<u>None</u>	<u>Article 192-1 and 216.-1 of the Company Law</u>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p><u>place and other necessary items. And also, the period which we mention above must be no less than 10 days.</u></p> <p><u>2.The company should make an announcement about the list of the nominees and their academic background,past experience,the number of their shareholdings,the name of the government or corporation which they represent and other related information.The announcement has to be made no later than 40 days prior to a regular shareholder meeting date (25 days prior to a special meeting date)</u></p>		
<p>II. Non-regular matters:</p> <p>1. An incident sufficient to affect stock prices and stockholders' equity.</p>	<p>1 Check returned due to insufficient funds, credit refused, or other</p>	<p>Input information into the MOPS within two days of date after the occurrence.</p>	<p>None</p>	<p>1 Article 36-3 and 36-4 of the Securities Exchange Act.</p> <p>2 Article 7 of the Enforcement Rules of the Securities and</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<p>loss of creditworthiness.</p> <p>2 Litigious, non-litigious cases, administrative disciplinary action, administrative suit, security procedures or compulsory execution has a severe impact on the company's finances or business.</p> <p>3 A severe production drop, complete or partial work stoppage, leasing out of company plant or major equipment, or</p>			<p>Exchange Law.</p> <p>3. Former Securities and Futures Commission, Ministry of Finance (1) Document No.0910003639, June 28, 2002</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<p>mortgage of divided assets in entirety or major part severely affects company's operations.</p> <p>4 One of the circumstances listed in Paragraph 1, Article 185 of the Company Law occurs.</p> <p>5 A court has ruled in accordance with Article 287-1-5 of the Company Law that the company's stock may not be transferred.</p> <p>6 There is a change of president,</p>			

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<p>general manager, or at least one-third of directors.</p> <p>7 Change of attesting CPA. Not applicable if the cause of change was internal changes in the accounting firm.</p> <p>8 Signing, revision, termination or dissolution of important memorandum, important contract, or strategic alliance or other joint business project; change in major content of business plan;</p>			

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	<p>successful development of trial product and start of mass production stage; purchase of other business; acquisition or sale of patent, exclusive trademark rights, copyright, or other intellectual property rights has a severe impact on the company's finances or business.</p> <p>9 Other major circumstances affecting company's continued operations.</p>			

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
2 The Commission has approved for offering and issuing of securities. (1) announcement	Matters listed in Article 252 or Article 273 of the Company Law.	Must input relevant information into the MOPS within 30 days after receiving notification of approval from this Commission	None	<p>1 Article 252 and Article 273 of the Company Law.</p> <p>2 Article 9-1-1 and Article 9-1-3 of "Criteria Governing the Handling Offering and Issuance of Securities by Securities Issuers."</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002</p>
(2) Proof of full receipt of price in a restricted bank account.	Relevant information regarding the restricted bank account.	<p>1 Input information regarding the bank, date into the MOPS within two days of date after the signing the contract occurrence</p> <p>2 Payment may be made by the issuer or funds raiser only after a bank has received the full price in a restricted account, and information regarding receiving the full price must be input into the MOPS.</p>		<p>1. Article 9-1-2 of "Criteria Governing the Handling Offering and Issuance of Securities by Securities Issuers."</p> <p>2 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		* 3 In case the issuer must notify this Commission of each disbursement, application letter must be sent to this Commission for reference prior to each disbursement		
(3) Payment of stocks or corporate bonds.	Transfer of payment certificate and payment of stocks or corporate bonds to subscribers or applicants.	Relevant information must be input into the MOPS within the day after receiving notification of approval from the Ministry of Economic Affairs.	None	<p>1 Article 34 of Securities and Exchange Act.</p> <p>2 Article 9-1-3 of "Criteria Governing the Handling Offering and Issuance of Securities by Securities Issuers."</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002</p>
(4) Implementation status of cash capital increase or corporate bond fund raising plan.	Quarterly report of cash capital increase of public offering company or corporate bond fund raising plan	1. Within one day after receiving notification of approval from this Commission, information regarding basic data, offering status, project items, and	None	<p>1 Article 9-1-5~7 of "Criteria Governing the Handling Offering and Issuance of Securities by Securities Issuers."</p> <p>2 Former Securities and Futures</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	and fund utilization status.	<p>scheduled progress should be input into MOPS.2. Within 10 days after the end of each quarter, the quarterly report on "the plan for capital increase by cash injection or corporate bond issuance and capital utilization" shall be input into MOPS.</p> <p>* 2. Where the capital raised by a TSE-listed and /GTSM-listed company has been restricted by this Commission for specific purpose(s), within 10 days after the end of each quarter.</p> <p>* <u>3. Where a listed or OTC company conducts a cash capital increase or corporate bond issue, it shall contact the original underwriter or the certifying CPA to comment on the reasonableness of the progress made</u></p>		<p>Commission, Ministry of Finance (I) Document No.00574 of February 8, 1999.</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.091000363 of June 28, 2002.</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<u>regarding capital utilization and of the purposes for unused capital, and on whether there has been any departure from the capital utilization plan, and within 10days after the end of each quarter shall post this information together with the information referred to in the preceding subparagraph to the information reporting website specified by the FSC.</u>		
(5) Change in cash capital increase or corporate bond fund raising plan.	1 Minutes of board meeting. 2. Letter of consent from competent authorities in charge of target industry. (only if available) 3 Assessment	1 Relevant information shall be input into the MOPS within two days of passing by board of directors and submitted to stockholders' meeting for confirmation afterward. *2 In accordance with Taiwan Stock Exchange or GreTai Securities Market	None	1 Article 9-1-9 of "Criteria Governing the Handling Offering and Issuance of Securities by Securities Issuers." 2 Article 11-1-6 of "Criteria Governing the Handling Offering and Issuance of Overseas Securities by Securities Issuers."

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	opinions of original primary underwriter (only if available)	Regulations, TSE- listed and GTSM- listed companies must hold a major explanatory press conference on the first business day after the board discusses and revises the plan, and must enter the plan together with an abstract of the assessment opinions of the original primary underwriter on the MOPS within two days of public announcement. From that time on, TSE- listed and GTSM- listed companies shall input into MOPS the original primary underwriter 's opinions concerning the reasonableness of the uses of funds not disbursed and fund implementation timetable together with "Public Offering Company Cash Capital Increase or Corporate Bond Issue Plan and Fund Utilization Status		<p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.03693 of December 22, 1998.</p> <p>4 Former Securities and Futures Commission, Ministry of Finance (I) Document No.138830 of August 1, 2001.</p> <p>5. Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002.</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		Quarterly Report” within ten days after the end of each quarter.		
(6) Information of corporate bonds issuance	<p>1 Actual issuance proceeds, maturity, interest rate and repayment methods.</p> <p>2 any change to the filed material for the first issuance of corporate bonds occurring within the scheduled issuance date in the event the issuer conducts a shelf registration to issue corporate bonds,</p>	<p>1. Within two days of the completion of the funds offering and prior to the tenth day of each month during the issuance period of the corporate bonds, information related to the issuance of the corporate bonds shall be input into the MOPS.</p> <p>2. Any change to the filed material for the first issuance of corporate bonds occurring within the scheduled issuance date shall be input into the MOPS.</p>	None	<p>1 Article 9-1-5, Article 9-2, and Article 25 of “Criteria Governing the Handling Offering and Issuance of Securities by Securities Issuers.”</p> <p>2. Former Securities and Futures Commission, Ministry of Finance(1) Document No.0910003639, June 28, 2002</p>
(7) Status of requests for	Issuers must quarterly disclose	Information shall be input into the MOPS within 15 days after	None	1 Article 14-4, Article 37-3 and Article 49-3 of “Criteria

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
conversion (corporate bonds) and requests for exercising the warrant or option(bonds with warrants and preferred stocks with warrants,)	the amount of new shares issued under requests for conversion (corporate bonds) and requests for exercising the warrant or option(bonds with warrants and preferred stocks with warrants,)	the end of each quarter.		Governing the Handling Offering and Issuance of Securities by Securities Issuers.” 2. Former Securities and Futures Commission, Ministry of Finance(1) Document No.0910003639, June28, 2002
(8) Status of issuance of overseas securities.	See details in content of “Criteria Governing the Handling Offering and Issuance of Overseas Securities by Securities Issuers.”	1 Issuers shall input relevant information into the MOPS within the following days: (1) Within two days after setting the price when issuing overseas corporate bonds or overseas stocks to raise funds (2) Within two days after signing a deposit agreement when issuing	None	1. <u>Articles11</u> , Article 19~21, Articles 26~28 and Articles 34~36 of “Criteria Governing the Handling Offering and Issuance of Overseas Securities by Securities Issuers.” 2. Former Securities and Futures Commission, Ministry of Finance (1) Document No.0910003639, June28, 2002

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p>overseas depositary receipts</p> <p>(3) Within two days after listing when issuing overseas stocks without raising funds</p> <p>Should there be any change after the announcement or reporting of items, information regarding such change shall be input into the MOPS within two days after the closing of the offering.</p> <p># 2. Within ten days after issuance</p> <p>of the overseas securities, the</p> <p>issuer shall submit to this</p> <p>Commission the documents</p>		

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p>regarding an opinion letter in Chinese issued by a ROC attorney-at-law confirming that there is no material discrepancy between the actual offering terms and the contents approved by this Commission.</p> <p>Within 3 days after providing information in accordance with the</p>		

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p>entrustment contract or the securities laws of the country where the offering took place, the issuer must provide this Commission with such information.</p> <p>3. Changes of the overseas securities at 15and the end of the previous month must be reported to the competent authorities in charge of foreign exchange services and input into the MOPS within twenty days and the end of each month after issue.</p> <p>4.In the following conditions, a</p>		

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		<p>sponsor or a issuer must report relevant information to the competent authorities in charge of foreign exchange services within two days after the overseas depository receipts or overseas stocks have been issued and must input the information into the MOPS :</p> <p>(1) If the sponsor issues new shares for cash injection or recapitalization of earning or capital reserve and the depository institution issues additional depository receipts pursuant to relevant regulations.</p> <p>(2) If the issuer sponsor issues new shares for cash injection or recapitalization of earning or capital reserve and the issuer issues additional depository receipts pursuant to relevant regulations.</p>		

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		<p># 5After accepting a subscription or conversion request from an investor in overseas corporate bonds or subscription warrants, the issuer must report the subscription status of the overseas investor to the Investment Commission, MOEA, within ten days of conducting cash capital increase by issuing of new stock.</p> <p>6. <u>Upon issuance of its overseas securities, an issuer shall comply with the following:</u></p> <p>(1) <u>A prospectus prepared in accordance with the securities acts and regulations of the country where the offering took place must be uploaded to the information reporting website specified by the FSC; provided, however,</u></p>		

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		<p><u>that the same shall not apply to the issuance of overseas depositary receipts for conversion of or subscription to overseas corporate bonds;</u></p> <p>(2) <u>If the funds utilization plan has not yet been fully executed, the issuer shall disclose the implementation progress of the plan in the annual report; where the issuer is issuing overseas corporate bonds, information relating to the corporate bond issue shall be posted by the issuer to the information reporting website specified by the FSC within two days from the date of completion of the raising of capital, and by the tenth day of each month for the duration of the period during which the overseas corporate bonds are being</u></p>		

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		<p><u>issued.</u></p> <p>(3) <u>The issuer shall, within ten days after the end of each quarter and in accordance with FSC regulations, post the funds utilization plan and the quarterly report on the status of funds utilization to the information reporting website specified by the FSC.</u></p> <p>(4) <u>A company listed on a securities exchange or traded on an OTC market shall, on a quarterly basis, request the original securities underwriter or CPA to prepare an evaluation opinion on progress in implementation of the funds utilization plan, the legitimacy of the purpose of the unused funds, and a statement concerning whether there</u></p>		

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p><u>has been any change to the plan. Within ten days after the end of each quarter, the issuer shall post such opinion together with the information referred to in the preceding subparagraph to the information reporting website specified by the FSC.</u></p> <p>(5) <u>Where the issuer is sponsoring issuance of overseas depositary receipts through capital increase, and its purpose in so doing is to acquire a foreign company, acquire the shares of a foreign company, or sponsor issuance of new shares for the purpose of an acquisition or split of a foreign company conducted in accordance with the law, the issuer shall, on a quarterly basis</u></p>		

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		<p><u>for the first year following completion of registration, request the original underwriter to prepare an opinion evaluating the impact of such matters upon the issuer's financial operations, business operations, and shareholders' equity. The issuer shall post such opinions to the information reporting website specified by the FSC.</u></p> <p>(6) <u>Where, as the result of a change to an item or a dollar amount in an individual item in the funds utilization plan, the total amount of capital needed for the original item increases or decreases by 20% or more of the total amount of capital raised, after reporting the change for approval by the government authority for</u></p>		

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		<u>foreign exchange business, the issuer shall register an amendment of the plan and, within two days after the amendment is approved by a resolution of the board of directors, the issuer shall make a related public announcement via the information reporting website specified by the FSC. The issuer shall also submit the change to a shareholders meeting for confirmation. Where the funds utilization plan is amended, the issuer shall, upon such change and within ten days after the end of each subsequent quarter, also request the original underwriter to issue an evaluation opinion on the progress of implementation of the funds utilization plan and</u>		

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		<u>the legitimacy of the purpose of the unused funds, and shall post such opinion together with the information referred to in subparagraph 3 above to the _____ aforementioned website.</u>		
* (9) Implementation status of merger or demerger benefits	Ask the original primary underwriter of a company surviving in consequence of a merger or demerger to submit assessment opinions regarding the impact on the company's finances, operation and stockholder equity and if merger or demerger benefits come true.	Within a year after registration of merger or demerger, TSE-listed or GTSM- listed companies must input report in MOPS in ten days after the end of each quarter.	None	<p>1. Former Securities and Futures Commission, Ministry of Finance(1) Document No.04783, December 22, 1999</p> <p>2. Former Securities and Futures Commission, Ministry of Finance(1) Document No.0910003639, June 28, 2002</p> <p>3. Article 9, Paragraph 1, Subparagraph 8 of "Regulations Governing the Handling Offering and Issuance of Securities by Securities Issuers."</p> <p>4. Article 11, Paragraph 1, Subparagraph 5 of "Regulations Governing the Handling Offering and Issuance</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
				of Overseas Securities by Securities Issuers.”
(10) employee stock options	<ol style="list-style-type: none"> 1. Make public announcement for the main content of the requirements for issuance and subscription. 2. Input the status of the issuance 3. Where the issuer executes its contractual obligations using already issued shares, publicly announce the cost of the 	<ol style="list-style-type: none"> 1. On the day next following the arrival of the notification of effective reporting, make public announcement for the main content of the requirements for issuance and subscription. If performance of contract is conducted by means of issuance of new shares, any possibility of dilution of the shareholders' rights and interests shall also be publicly announced. 2. After the application takes effect, input the status of the issuance into the website specified by the <u>FSC</u> for 	None	Article 59 of “Criteria Governing the Offering and Issuance of Securities by Securities Issuers”

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	<p>shares which it anticipates to obtain, the difference between the price of the employee stock options and the company's cost of obtaining the shares, and any effects on the shareholders' rights and interests.</p>	<p>reporting of information on the day following the issuance or the expiry of the issuance period.</p> <p>3. Where the issuer executes its contractual obligations using already issued shares, once the application with the <u>FSC</u> takes effect, the issuer shall, within two days of a directors' meeting resolving that the company shall repurchase its own shares for use as employee stock options as part of the execution of its contraction obligations, publicly announce the cost of the shares which it anticipates to obtain, the difference between the price of the</p>		

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		<p>employee stock options and the company's cost of obtaining the shares, and any effects on the shareholders' rights and interests.</p> <p>4. Any change in the main content regarding the terms and conditions of the issuance as referred to in Paragraph 1 shall be made only after being approved by the majority votes in a meeting of Board of Directors at which two-thirds (2/3) or more directors are present, and public announcement shall be made after the minutes of the meeting of the Board of Director and relevant materials regarding the amendment have been submitted to the <u>FSC</u> for recordation</p>		

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3Private placements	For further information, please refer to Securities and Futures Commission, Ministry of Finance(1) Document No.112794, April 3, 2002and Securities and Futures Commission, Ministry of Finance(1) Document No.091000539, October 24, 2002	<p>1Within 15 days of the date the share payments or payments of the price of the corporate bonds or other securities have been made in full, the company shall input relevant information to MOPS. A company carrying out private placement of overseas securities must submit the report regarding such information input into MOPS to the competent authorities in charge of foreign exchange services.</p> <p>2A company carrying out private placement of bonds must input information regarding the balance of bonds to MOPS prior to the tenth day of each month. A company carrying out private placement of overseas securities must submit the report regarding the information input into MOPS</p>	None.	<p>1.Paragraph 5 of Article 43-6 of the Securities and Exchange Act.</p> <p>2. Former Securities and Futures Commission, Ministry of Finance (1) Document No.176305, December 25, 2001</p> <p>3. Former Securities and Futures Commission, Ministry of Finance (1) Document No.112794, April 3, 2002</p> <p>4. Former Securities and Futures Commission, Ministry of Finance (1) Document No.0910003639, June 28, 2002</p> <p>5. Former Securities and Futures Commission, Ministry of Finance (1) Document No.0910005390, October 24, 2002</p> <p>6. Former Securities and Futures Commission, Ministry of Finance (1) Document No.0920001991,May 8,2003</p> <p>7. Former Securities and Futures Commission, Ministry of Finance</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		to the competent authorities in charge of foreign exchange services.		(1) Document No.0920001992,may 8,2003
4 Acquisition or disposal of assets.	For further information, please refer to “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies” (including acquisition or disposal of important securities, real estate, other fixed assets and intangible assets, derivative instrument transaction, merger, demerger, issuance of new shares due to acquisition of the shares of another company, and	<p>1 Must input relevant information into MOPS within two days of the date after the occurrence.</p> <p>2 Companies participating in merger, demerger, and acquisition of shares of another company must have the approval of the <u>FSC</u> in advance if they can not hold board meetings on the same day or hold shareholders meetings on the same day.</p>	None	<p>1 Article 36-1 of Securities and Exchange Law.</p> <p>2 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002.</p> <p>3 “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies”</p>

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	investment in mainland China)			
5. Endorsement and Guarantee	For further information, please refer to "The Guidelines for the Lending of Capital, Endorsements and Guarantees by Public Companies"	Must input relevant information into MOPS within two days of the date after the occurrence	None	<p>1 Article 36-1 of Securities and Exchange Act.</p> <p>2 "The Guidelines for the Lending of Capital, Endorsements and Guarantees by Public Companies"</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002.</p>
6. capital lending	Ditto	Ditto	None	<p>1 Article 36-1 of Securities and Exchange Act.</p> <p>2 "The Guidelines for the Lending of Capital, Endorsements and Guarantees by Public Companies"</p> <p>3 Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28,</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
				2002.
7 Basic company information.		A company conducting initial public offering must input relevant information to MOPS after effective registration or any changes regarding basic information	None	<p>1. Notice accompanying letter from the Commission notifying company of effective registration.</p> <p>2. Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002.</p>
8 Financial forecasts.	<p>1 Financial forecast.</p> <p>2 Case checklist.</p> <p>3 Minutes of board meeting.</p>	<p>A. Announcements and reports within two days °</p> <p><u>B. A public company that must publish a financial forecast because of a circumstance under Article 6 of Regulations Governing Publication of Financial Forecasts of Public Companies shall publicly announce and report within 10 days from the date it receives the notice to prepare the report.</u></p> <p>C. When a financial forecast is</p>	<p>* 1 Taiwan Stock Exchange.</p> <p>* 2 GreTai Securities Market.</p> <p>3.4 Securities and Futures Institute</p>	<p>1 Former Securities and Futures Commission, Ministry of Finance (6) Document No.02435 of April 9, 1997..</p> <p>2. Former Securities and Futures Commission, Ministry of Finance (6) Document No.005847 of Oct.26,2001.</p> <p>3. Former Securities and Futures Commission, Ministry of Finance (I) Document No.0910003639 of June 28, 2002.</p> <p>4. Former Securities and Futures</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		<p>corrected or updated, the portions of the original forecast that cannot be used and their impact must be announced and reported within two days of the date of their discovery, and a corrected or updated forecast must be announced and reported within ten days of the date of discovery.</p> <p>D. When a financial forecast shall re-prepared , but the basic assumptions for the financial forecast did not change materially , the management level of the company must input information about the basic assumptions are effective and CPA's opinion into the MOPS within ten days of the date of occurrence.</p>		<p>Commission, Ministry of Finance (6) document <u>No.0910005765</u> of November 14,2002.</p> <p>5. Former Securities and Futures Commission , Ministry of Finance (6) Document <u>No.0910005771</u> of November 14,2002.</p> <p>6. Former Securities and Futures Commission, Ministry of Finance (6) Document <u>No.0910006093</u> of December 9, 2002.</p> <p>7. Former Securities and Futures Commission, Ministry of Finance (6) Document No. <u>0920000765</u> of February 11, 2003.</p> <p>8. Financial Supervisory Securities (6) Document <u>No. 0930005938</u> of December 9, 2004.</p>
9.Change of accounting principles	1 Application (containing	An application must be made to the Commission at the end	*1 Taiwan Stock Exchange.	Article 26-1 of "Guideline Governing the Preparation of

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(1) Approval of application	<p>reasons for and theoretical basis of change in accounting principles, specific evidence of superiority of new accounting principles, and cumulative impact number of change of accounting principles), follow-up audit opinions of CPA.</p> <p>2 Minutes of board meeting.</p>	of the year prior to the planned change of accounting principles.	<p>*2 GreTai Securities Market.</p> <p>*3 Chinese Securities Association.</p> <p>4 Securities and Futures Institute</p>	Financial Reports by Securities Issuers.”
(2)Reporting of cumulative impact figures.	Cumulative impact figures of accounting principle changes.	Unless it is not possible to calculate the cumulative impact figures of accounting principle changes, the actual cumulative impact figures of the change of accounting	Ditto.	Article 26-1 of “Guideline Governing the Preparation of Financial Reports by Securities Issuers.”

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		principles must be calculated and reported to this commission after submission to board of directors within two months after the beginning of the fiscal year in which the new accounting principles are adopted.		
# 10 Accounting estimate changes (changes in service life of depreciable and depletable assets, and in periods benefited by effective period of intangible assets).	1 Application (containing reason for and theoretical basis of accounting estimate changes and specific evidence of superiority of new accounting estimates), and reviewing opinions of CPA. 2 Minutes of board meeting.	An application must be made to the Commission at the end of the year prior to the planned adoption of new accounting estimates.	*1 Taiwan Stock Exchange. *2 GreTai Securities Market. *3 Chinese Securities Association 4 Securities and Futures Institute.	Article 26-1 of "Guideline Governing the Preparation of Financial Reports by Securities Issuers."

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11. Reporting of repurchase of company shares by a TSE-listed or GTSM- listed company.	In accordance with Article 28-2-1 of the Securities and Exchange Law, a TSE-listed or GTSM- listed company may, with the consent of at least one-half of all directors when at least two-thirds of the board is in attendance, may repurchase its shares on a centralized exchange market or an over-the-counter market for the purpose of transferring shares to employees, converting equity, or maintaining the company's credibility and	<p>1 . The company must make an announcement and report to this commission within two days of board resolution.</p> <p>2 . Please download the relevant reporting form from the Commission's website. (www.sfb.gov.tw)</p>	None	<p>1 Article 28-2 of Securities and Exchange Law.</p> <p>2 Article 2 of "Regulations Governing Repurchase of Company Shares by a TSE-listed or GTSM- listed Company."</p>

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	stockholders equity.			
12.Reporting before transferring stocks	<p>1.Before change to share ownership of the company's board directors, supervisors, managers, and shareholders holding 10percent or more of the company's stocks , they should report to the TSE or OTC, and send the same report to the company.</p> <p>2.The company should transfer the report to Market Observation Post System at</p>	The company should transfer the report to Market Observation Post System before 17:30 daily.	None	<p>1.Article 22-2 of the Securities and Exchange Act</p> <p>2. Former Securities and Futures Commission , Ministry of Finance (3) Document No.0910003657,July 1,2002</p> <p>【 Relevant filing forms can be downloaded from the Securities and Futures Commission website (www.sfb.gov.tw) 】【</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	the same time after receiving the report.			
13. Report after TSE-listed or GTSM- listed companies repurchased accounts for at least two percent of the shares, or accumulative value of shares repurchased amounts to at least NT\$300 million	Each time that the accumulative number of shares repurchased accounts for at least two percent of the shares issued by the company or the accumulative value of shares repurchased amounts to at least NT\$300 million, the company shall, within two days, make an announcement of the date, number, type, and price of the shares, and report the same to the Commission.	<p>1 Each time that the accumulative number of shares repurchased accounts for at least two percent of the shares issued by the company or the accumulative value of shares repurchased amounts to at least NT\$300 million, the company shall, within two days, make an announcement of the date, number, type, and price of the shares, and report the same to the Commission.</p> <p>2Please download the relevant reporting form from the Commission's website. (www.sfb.gov.tw)</p>	None	<p>1 Article 28-2 of Securities and Exchange Act.</p> <p>2 Article 3 of "Regulations Governing Repurchase of Company Shares by a TSE-listed or GTSM- listed Company."</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
14. Report after TSE-listed and GTSM-listed companies completes repurchase of company shares or repurchase period ends.	Company completes repurchase of company shares or repurchase period ends	1.The company must make an announcement and report to the Commission within five days at the end of repurchase period or the completion of repurchase. 2. Please download the relevant reporting form from the Commission's website. (www.sfb.gov.tw)	None	1 Article 28-2 of Securities and Exchange Act. 2 Article 5 of "Regulations Governing Repurchase of Company Shares by a TSE-listed or GTSM- listed Company."
15. Report of change in original objective of stock repurchase.	A company may, with the consent of at least one-half of all directors when at least two-thirds of the board is in attendance, may change the original objective of a stock repurchase.	A company may report to the Commission a change in the original objective of a stock repurchase within two months after the day on which the company's previously reported company share repurchase period ended.	None	1Article 28-2 of Securities and Exchange Law. 2 Article 2 of "Regulations Governing Repurchase of Company Shares by a TSE-listed or GTSM- listed Company."
16. Prospectus	Prospectus (include issuance of	1.The draft prospectus shall be posted, as an electronic file in the format prescribed	* 1 Taiwan Stock Exchange.	1.Article 30 of Securities and Exchange Act.

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	overseas securities)	<p>by the FSC, to the information reporting website specified by the FSC and, within thirty (30) days from the date of effective registration or receipt of the FSC's approval notice, the final amended/revised prospectus shall be shall be posted, as an electronic file in the format prescribed by the FSC, to the information reporting website specified by the FSC.</p> <p>2. Prospectus prepared in accordance with the securities laws of the country where the offering and issuance of overseas securities consists of overseas depositary receipts and issuance of overseas corporate bonds, overseas stocks took place shall Input information into the MOPS within ten days after issuance</p>	<p>* 2 GreTai Securities Market.</p> <p>3 Chinese Securities Association.</p> <p>4 Securities and Futures Institute</p>	<p>2. Article 6 of “Regulations Governing the Handling Offering and Issuance of Securities by Securities Issuers.”</p> <p>3. Criteria Governing Information to be Published in Public Offering and Issuance Prospectuses.</p> <p>4. Former Securities and Futures Commission, Ministry of Finance (1) Document No. 0910003639, June 28, 2003</p> <p>5 Article 19、27 and 36 of “Criteria Governing the Handling Offering and Issuance of Overseas Securities by Securities Issuers.”</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
		of the overseas securities.		
17.The public company is the offeror and conduct public tender offer or competitive public tender offer	Public Companies conduct public tender offer according to Regulations Governing Tender Offers for Purchase of the Securities of a Public Company	<p>1.Any public tender offer to purchase the securities of a public company shall not be made until after a report has been filed with the <u>FSC</u> and a public announcement made.</p> <p>2.For any competitive public tender offer for securities issued by the same public company, a report of public tender offer shall be filed with the <u>FSC</u> and a public announcement made at least five trading days prior to the expiry date of the original public tender offer period.</p>	<p><u>1.Securities Association</u></p> <p><u>2.The Securities and Futures Institution.</u></p> <p><u>3.TSE or Gretai Securities Market.</u></p> <p><u>4.The Taiwan Securities Depository Company.</u></p> <p><u>5 The public company whose the securities are being acquired</u></p>	<p>1.Paragraph 2 of Article 43-1 of the Securities and Exchange Act</p> <p>2.Article7 and Article 26 of the Regulations Governing Tender Offers for Purchase of the Securities of a Public Company , <u>and the Financial Supervisory Commission (3)Document No.0940002714 of June 22, 2005.</u></p>
18.The public company whose the securities are being acquired	The public company whose the securities are being acquired shall, within seven	Within seven days after its receipt of the Public Tender Offer Report Form delivered by the Offeror.	<p>1.Securities Association</p> <p>2.The Securities and Futures Institution.</p> <p>3.TSE or Gretai</p>	<p>1.Paragraph 4 of Article 43-1 of the Securities and Exchange Act</p> <p>2.Article 14 and Article 26 of the Regulations Governing Tender Offers for Purchase of the</p>

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	days after its receipt of the Public Tender Offer Report Form delivered to it by the Offeror shall report related items in writing to the <u>FSC</u>		Securities Market. 4.The Taiwan Securities Depository Company.	Securities of a Public Company
19.The public company is the Offeror buying back its own shares.	An Offeror buying back its own shares in accordance with Article 28-2 of the Securities and Exchange Law	Before the commencement date of the public tender offer period.	<u>Bureau of monetary affairs(suitable for financial holding company 、 bank 、 bill financial company) or Insurance Bureau (suitable for insurance company)</u>	1.Paragraph 4 of Article 43-1 of the Securities and Exchange Act 2.Article 10 and Article 26 of the Regulations Governing Tender Offers For Purchase of the Securities of a Public Company , <u>and the Financial Supervisory Commission (3)Document No.0940002714 of June 22, 2005.</u>
20.The public company is the Offeror and make modifications to conditions in Public Tender Offer	The public company is the Offeror and Make modifications to conditions in Public Tender	Before making any modifications to conditions.	1.Offeree. 2.The appointed institution takes deposit of securities 3.The public company	1.Paragraph 4 of Article 43-1 of the Securities and Exchange Act 2.Article 17 and Article 26 of the Regulations Governing Tender Offers for Purchase of the Securities of a Public Company

Items to be announced publicly or filing	Summary of contents	Deadline for public announcement or filing	Agencies to which copies should be sent	Legal basis
	Offer		whose the securities are being acquired	
21.The public company is the Offeror and terminate a public tender offer	The termination of a public tender offer proceeding is approved by the <u>FSC</u>	When termination of a public tender offer proceeding is approved by the <u>FSC</u> , public announcement shall be made within two(2)days of receiving <u>FSC</u> approval.	1.Offeree. 2.The appointed institution takes deposit of securities 3.The public company whose the securities are being acquired	1.Paragraph 4 of Article 43-1 of the Securities and Exchange Act 2.Article 21 and Article 26 of the Regulations Governing Tender Offers for Purchase of the Securities of a Public Company
22. <u>The public company is the Offeror and the public tender offer's condition has been accomplished</u>	<u>Before the expiration of the period, the acquired securities has reached the minimum volume of the public tender offer</u>	<u>When the condition of the public tender offer' has been accomplished, the public announcement should be made immediately</u>	<u>The appointed institution takes deposit of securities</u>	<u>1.Paragraph 4 of Article 43-1 of the Securities and Exchange law</u> <u>2.Article 19 and Article 26 of the Regulations Governing Tender Offers for Purchase of the Securities of a Public Company</u>
23.The public company is the Offeror and the public tender offer period's expires	The public company is the Offeror and the public tender offer period's expires.	Within two(2)days from the public tender offer period's expiration date.	Informing the Offeree on the date of reporting to the <u>FSC</u> and publicly announcement.	1.Paragraph 4 of Article 43-1 of the Securities and Exchange Act 2.Article 21 and Article 26 of the Regulations Governing Tender Offers for Purchase of the

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				Securities of a Public Company